



STATE OF HAWAII
DEPARTMENT OF TAXATION
HONOLULU, HAWAII

June 17, 2010

SMALL BUSINESS SET-ASIDE
INVITATION FOR BIDS
DOTAX-IFB-FY-10-02

SEALED BIDS
FOR THE PRINTING AND DELIVERING OF
NET INCOME MISCELLANEOUS 2 AND
ESTIMATED INCOME TAX FORMS FOR INDIVIDUALS AND
CORPORATIONS (NONMAIL AND MAIL-OUT FORMS) AND
OTHER INCOME TAX STATEMENTS AND ACCOUNT FORMS

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N-1	DECLARATION OF ESTIMATED INCOME TAX FOR INDIVIDUALS (NON-MAIL)
N-1A	DECLARATION OF ESTIMATED INCOME TAX FOR INDIVIDUALS (MAIL-OUT)
N-3	DECLARATION OF ESTIMATED INCOME TAX FOR CORPORATIONS AND S CORPORATIONS (NON-MAIL)
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N-586 W/INSTR.	TAX CREDIT FOR LOW-INCOME HOUSING
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U-6 INSTR.	INSTRUCTIONS FOR PUBLIC SERVICE COMPANY TAX RETURN

“WITH THE OPTION OF EXTENDING FOR NOT MORE THAN TWO (2)
ADDITIONAL TWELVE MONTH (12) PERIODS UPON MUTUAL AGREEMENT”

will be received up to the time bids will be opened at 10:00 a.m. on June 29, 2010, at the Department of Taxation, Administrative Services Office, Princess Ruth Keelikolani Building, Room 217, 2nd floor, 830 Punchbowl Street, Honolulu, Hawaii.

All bids must be made on forms obtainable at the aforesaid place and must be submitted in strict accordance with the instructions therein.

Questions relating to this bid solicitation may be directed to Ms. Suzanne Efan, phone 587-1501.

The Department of Taxation reserves the right to reject any or all bids and to waive any defects when such rejection will be in the best interest of the public.

(signed)
SUZANNE EFHAN
Administrative Services Officer
Administrative Services Office

Date

INSTRUCTIONS TO BIDDERS

1. All bids shall be made on the Offer Form furnished by the Department of Taxation (the Department) and shall be signed by the Bidder with the Bidder's business address and telephone number. The Bidder is requested to submit its bid using the Bidder's exact legal name as registered with the Department of Commerce and Consumer Affairs. NO SUBSTITUTIONS OF MATERIALS OR ITEMS NOT EXPRESSLY PROVIDED FOR IN THE SPECIAL PROVISIONS, SPECIFICATIONS, AND GENERAL CONDITIONS WILL BE CONSIDERED OR ACCEPTED.
2. The following must be submitted with your bid. Failure to include certificates listed in A or B below will result in automatic rejection of your bid.

- A. A current Certificate of Vendor Compliance obtained through Hawaii Compliance Express <http://vendors.ehawaii.gov/hce/splash/instructions.html> dated no earlier than one week prior to the offer submission date. There is a nominal charge for obtaining certificates through Hawaii Compliance Express.

OR

- B. All of the following three certificates:

1. TAX CLEARANCE CERTIFICATE – A valid tax clearance certificate or current special letter signed by both the Department and the Internal Revenue Service (the IRS) certifying that the bidder does not owe the State of Hawaii and the IRS any delinquent taxes, penalties, or interest must be submitted with all sealed bids. Failure to submit the required tax clearance certificate or special letter will be sufficient grounds for the Department to refuse to receive or consider the prospective bidder's bid.

The tax clearance certificate shall be obtained on the State of Hawaii, DOTAX TAX CLEARANCE APPLICATION Form A-6 (Rev. 2006) which is available at the Department and IRS' offices in the State of Hawaii or the DOTAX website, and by mail or fax:

DOTAX Website (Forms & Information):	http://www.hawaii.gov/tax
DOTAX Forms by Fax/Mail:	(808) 587-7572 1-800-222-7572

Completed tax clearance applications may be mailed, faxed, or submitted in person to the Department of Taxation, Taxpayer Services Branch, at the address listed on the application. Facsimile numbers are:

DOTAX:	(808) 587-1488	IRS:	(808) 539-1573
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The application for the clearance is the responsibility of the successful bidder, and must be submitted directly to the Department or IRS and not to the purchasing agency.

AND

2. DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS CERTIFICATE OF COMPLIANCE (FORM LIR#27)

HRS chapters 383 (Unemployment Insurance), 386 (Workers' Compensation), 392 (Temporary Disability Insurance), and 393 (Prepaid Health Care) are required for award.

Instructions are as follows:

Pursuant to §103D-310(c), HRS, the successful bidder shall be required to submit an approved certificate of compliance issued by the Hawaii State Department of Labor and Industrial Relations (DLIR). The certificate is valid for six (6) months from the date of issue and must be valid on the date it is received by the purchasing agency.

The certificate of compliance shall be obtained on the State of Hawaii, DLIR APPLICATION FOR CERTIFICATE OF COMPLIANCE WITH SECTION 3-122-112, HAR, form LIR#27, which is available at www.dlir.state.hi.us/LIR#27, or at the neighbor island DLIR District Offices. The DLIR will return the form to the successful bidder who in turn shall submit it to the purchasing agency.

The application for the certificate is the responsibility of the successful bidder, and must be submitted directly to the DLIR and not to the purchasing agency.

AND

3. DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS CERTIFICATE OF GOOD STANDING

To be eligible for award, the successful bidder must comply as follows:

A business entity referred to as a "Hawaii business", is registered and incorporated or organized under the laws of the State of Hawaii. As evidence of compliance, bidder shall submit a CERTIFICATE OF GOOD STANDING. To obtain a CERTIFICATE OF GOOD STANDING, go online to www.BusinessRegistrations.com and follow the prompt instructions. To register or to obtain a "Certificate of Good Standing" by phone, call (808) 586-2727 (M-F 7:45 to 4:30 HST). The "Certificate of Good Standing" is valid for six months from date of issue and must be valid on the date it is received by the purchasing agency. Bidders are advised that there are costs associated with registering and obtaining a "Certificate of Good Standing" from the DCCA.

3. Pursuant to §3-124-74-3(a), Hawaii Administrative Rules ("HAR"), a Small Business eligibility criterion for printing under the North American Industry Classifications System (NAICS) is 500 employees. Vendor affirms that it is a qualified small business eligible for the award of this contract under the Small Business eligibility criteria.

NAICS code(s) determined appropriate for this solicitation is **323119** for **Other Commercial Printing and whose average annual number of employees are 500 or less:**

- A. Definition. "Small business concern," as used in this clause, means a concern, including its affiliates, that is independently owned and operated, not dominant in the field of operation in which it is bidding on Government contracts, and qualified as a small business under the size standards in this solicitation.
- B. General:
 - a. Offers are solicited only from small business concerns. Offers received from concerns that are not small business concerns shall be rejected.

- b. Any award resulting from this solicitation will be made only to a small business concern.

Meaning of representation by offeror and protest against small business status:

- A. To be eligible for award of this contract as a small business, **Offeror must represent in good faith that it is a small business at the time of its written representation.** The representation must reflect that Offeror meets the definition of a small business concern as stated in the solicitation.
- B. The procurement officer shall accept an Offeror's representation that it is a small business unless another Offeror challenges Offeror's small business representation to the contracting officer through applicable protest procedures under HAR Chapter 126.
- C. Upon receipt of a protest, the Chief Procurement Officer, or designee shall require the Offeror to provide proof of its status as an eligible small business Offeror.
- D. If the Chief Procurement Officer or designee determines that the Offeror has misrepresented its status as an eligible small business, the Chief Procurement Officer or designee may disqualify the Offeror from the competition.
- E. If the Chief Procurement Officer or designee concludes the misrepresentation was not inadvertent and was intended to unfairly enable the Offeror to compete in a solicitation when it knew or should have known it was not eligible, the Chief Procurement Officer shall initiate debarment action under HAR Chapter 126.
 - a. Any time after contract award, the Procurement Officer may question the small business representation of any Offeror and require the Offeror to confirm its represented size status and eligibility for award. If the Procurement Officer determines the Offeror misrepresented its size status, the Procurement Officer may terminate the contract for cause and resolicit unless the Chief Procurement Officer or designee determines in writing that contract termination would be detrimental to the interests of the state. The Chief Procurement Officer or designee shall also determine whether to initiate debarment proceedings under HAR Chapter 126 based upon the Offeror's misrepresentation of size status and eligibility.

Small business program representations:

- A. The small business eligibility criteria for this solicitation is the NAICS code **323119** for **Other Commercial Printing and whose average annual number of employees is 500 or less.**
 - B. Offeror hereby affirmatively represents that it is a qualified small business concern eligible for award of the contract under the eligibility criteria above.
 - C. Offeror further represents that Offeror's average number of employees for the past 12 months and Offeror's gross revenue for the preceding fiscal year was as reflected below **(Refer to Exhibit B – Small Business Program Representation: must be completed and submitted with the Offeror's offer).**
4. Any bid which contains any erasures or alterations not properly initialed or which contains other irregularities may be rejected, if not in the best interest of the State. Any offer which constitutes a conditional bid or a counter proposal will be rejected outright.

5. The bid price shall include all applicable taxes, all transportation, handling, and delivery charges to the destinations indicated in the Specifications and Exhibit A, where final inspection and acceptance will be made by a duly authorized representative of the Department.

Work to be performed under this solicitation is a business activity taxable under Chapter 237, HRS, and vendors are advised that they are liable for the GET and all other applicable taxes. If, however, the Bidder is a person exempt by the HRS from paying the GET and therefore not liable for the taxes on this solicitation, the Bidder shall state its tax exempt status and cite the HRS chapter or section allowing the exemption.

6. In case of error in extension of bid price, unit price shall govern.

7. All bids shall be submitted to the Administrative Services Office, Department of Taxation, Keelikolani Building, Room 217, 2nd floor, 830 Punchbowl Street, Honolulu, Hawaii 96813 (Phone: 587-1500).

Costs for developing the proposal are solely the responsibility of the Bidder, whether or not any Award results from this solicitation. The State of Hawaii shall not reimburse such costs.

All proposals become the property of the State of Hawaii.

8. Envelopes containing bids must be sealed and marked as follows:

- 1) SEALED BID FOR THE PRINTING AND DELIVERING OF NET INCOME MISCELLANEOUS 2 AND ESTIMATED INCOME TAX FORMS FOR INDIVIDUALS AND CORPORATIONS (NONMAIL AND MAIL-OUT FORMS) AND OTHER INCOME TAX STATEMENTS AND ACCOUNT FORMS.

- 2) To be opened at 10:00 A.M. on June 29, 2010.

- 3) Bid submitted by:

NAME: _____

ADDRESS: _____

TELEPHONE NUMBER: _____

SPECIAL PROVISIONS
BIDDER PROVISIONS

1. **SUCCESSFUL BIDDER:**

As used in this bid, the term "successful bidder" means a sole proprietor, partnership, firm, corporation, joint venture or other legal entity submitting directly or through his, her, their or its authorized agents or representative, a bid for the work or services contemplated in response to this IFB and that is found to be the lowest responsive and responsible bidder in accordance to paragraph 5 below – METHOD OF AWARD on June 29, 2010 when the bids are opened.

2. **SCOPE OF WORK:**

The furnishing of all labor, materials, tools, supplies, and equipment necessary to print, collate, bind, fold, and deliver the Net Income Miscellaneous 2 and Estimated Income Tax Forms, in accordance with these Special Provisions, the Bid Specifications, and General Conditions Form AG-008 Rev. 4/15/09 which are included in this Bid Proposal.

3. **BID QUOTATION:**

Bid prices shall include the printing, and delivering of all net income miscellaneous 2 forms, including all applicable taxes and any other costs incurred, for the work performed in accordance to 2. SCOPE OF WORK, above.

4. **CONTRACT EXECUTION:**

The successful bidder receiving an award shall be required to enter into a formal written contract. No performance bond will be required.

Any agreement arising out of this offer is subject to the approval of the Department of the Attorney General as to form, and to all further approvals, including the approval of the Governor, required by statute, regulation, rule, order or other directive.

The Department will issue a notice to proceed, which may be in the form of the contract specifying the commencement date. Any work performed by the successful bidder prior to receipt of a notice to proceed on a fully executed copy of the contract shall be at the successful bidder's own risk and expense. The Department is not and shall not be liable for any work, contract costs, expenses, loss of profits or damages whatsoever incurred by the successful bidder prior to the contract commencement date.

5. **METHOD OF AWARD:**

The Department will award this contract as a lot, all or none basis, to the responsive and responsible bidder whose proposal is determined to be in the best interest of the Department from a technical as well as lowest overall project cost, including document, handling, distribution costs, the effective unit bid price, reliability, accuracy, and level of services based upon past experience of prospective contractors.

All bidders must submit, together with their Offer Form, a schedule showing the following:

- a. Date of submission of first proofs to the Department (_____)
- b. Last date to return final proofs to Contractor in order to meet delivery deadlines (_____)

The schedule shall be considered a factor in the determination of the best-qualified bidder.

6. **RESPONSIBILITY OF BIDDERS:**

Contractor is required to submit a tax clearance certificate for final payment on the contract. A tax clearance certificate, not over two months old, with an original green certified copy stamp, must accompany the invoice for final payment on the contract. In addition to a tax clearance certificate, an original "Certification of Compliance for Final Payment" (SPO Form-22) will be required for final payment. A copy of the Form is available at www.spo.hawaii.gov. Select "Forms for Vendors/Contractors" from the Chapter 103D, HRS, pop-up menu.

7. **RIGHT TO REJECT:**

The Department reserves the right to reject any proposal that does not meet the requirements herein and may request additional information or interview any bidder.

CONTRACTOR PROVISIONS

1. CONTRACTOR:

The term "Contractor" means a sole proprietor, partnership, firm, corporation, joint venture or other legal entity undertaking the execution of work under the terms of the contract with the Department, and acting directly or through his, their or its agents, employees or sub-contractors.

2. TERM OF CONTRACT:

The Contractor shall enter into a contract for furnishing and delivering Net Income Miscellaneous 2 and Estimated Income Tax Forms for a twelve (12) month period commencing the effective date of the Contract. Unless terminated, the Contract may be extended for not more than two (2) additional twelve (12) month periods, with the provision that the price may be increased or decreased based on the consumer price index as published by the Department of Labor, with contract modifications that are mutually agreed upon, in writing, no later than thirty (30) days prior to expiration. However, any increase in price may not be more than the consumer price index.

3. SUBMISSION OF FILES:

The Contractor will receive the revised master copies of the Net Income Miscellaneous 2 and Estimated Tax Forms on or before August 13, 2010, September 30, 2010 and October 15, 2010 (see attached Exhibit A, Quantities and Delivery Dates for Net Income Misc. 2 Forms under Deadlines, Draft Tech.). The Contractor will also receive the forms and instructions done with the use of the Adobe InDesign software by the Department's Rules Office, Technical Section and will be made available in PDF files on diskettes or CD-ROM on or before September 30, 2010 and October 15, 2010 (according to Exhibit A deadlines).

CD extract with taxpayer information will be given to Contractor for Forms N-1A (no later than October 5, 2010).

4. PROOFS:

Proofs with original copy, paste-ups, blue or brownlines shall be submitted to the Technical Section Supervisor, Room 219, 2nd floor. Press proofs and test proofs for Forms N-1, N-3, N-4, N-5, N-11, N-13, N-15, N-35, N-40, and N-288A shall also be submitted to the Technical Section Supervisor. Press proofs are required for Forms N-1, N-3, N-4, N-5, N-11, N-13, N-15, N-35, N-40, and N-288A because these forms contain barcodes and are designed for scanning for character recognition and imaging, and therefore must be tested for acceptance on the Department's scanning equipment. The Technical Section Supervisor reserves the right to make any changes and insertions on any printed matter from the original copy, press proofs and paste-ups as well as the blue or brownlines.

Press and test proofs for Form N-1A shall be submitted to the Technical Section Supervisor, Room 219, 2nd floor. Press and test proofs shall be submitted no later than September 15, 2010 for Form N-1A. Not meeting this date may cause a delay in Contractor receiving the CD extract with taxpayer information.

The last day for the Department to return the approved final drafts of the press and test proofs is November 10, 2010. It is the responsibility of the Contractor to secure the final proof that is approved by the Department to meet the delivery date as specified in the Specifications and Exhibit A (Quantities and Delivery Dates for Net Income Misc. 2 Forms). Even if the Contractor does not get the final approval of the drafts on the dates stated, the Department may impose a penalty for late delivery.

5. **PROGRESS REPORT:**

The Contractor must submit a progress report to the Department indicating the various due dates and other information required of the Department by the Contractor along with specific instructions on shipping addresses. Progress report must be submitted by September 1, 2010. All correspondence and records (i.e. proofs, files, etc.), are to be sent to the following address:

Department of Taxation
Administrative Services Office
Attention: Tsz Keung Li
830 Punchbowl Street, Room 217
Honolulu, HI 96813

6. **SUBCONTRACTING:**

No portion of the work shall be subcontracted without the prior written approval of the Department.

7. **RE-EXECUTION OF WORK:**

The Contractor shall re-execute any work that fails to conform to the requirements of the Contract, in the sole judgment of the Department and shall immediately remedy any defects due to faulty workmanship by the Contractor at no additional charge to the Department.

8. **STORAGE AND DELIVERY:**

All forms shall be delivered according to the conditions stated in the Specifications, and Exhibit A (Quantities and Delivery Dates for Net Income Misc. 2 Forms) attached hereto and incorporated herein. For the Oahu District Office only, the balance of forms listed on Exhibit A will be delivered to the Taxpayer Services Branch on a request basis. There will be no more than 15 requests for delivery of tax forms between December 3, 2010 to April 20, 2011. Any tax forms that are left in the Contractor's warehouse after April 30, 2011 will be disposed of by the Contractor. The Contractor will be responsible for charges related to storing of the tax forms, no more than 15 delivery charges from the warehouse to the Taxpayer Services Office at 830 Punchbowl Street, and the disposal of tax forms after April 30, 2011. The Taxpayer Services Branch will give the Contractor at least three (3) days notice on all delivery requests, unless an unexpected situation arises whereby a shorter notice may be requested.

For the island of Oahu only, for those quantities listed under "Special" in Exhibit A, the Contractor shall be contacted for the specified delivery date. For those quantities listed under "Various" in Exhibit A, the Contractor shall hold these forms in the Contractor's warehouse for storage and deliver any of these forms upon request. Any remaining excess shall be disposed of after April 30, 2011.

The Contractor is responsible for delivery of the forms to offices on the neighbor islands as final delivery destinations, whether by air or surface. Final delivery includes arranging pick up at piers or docks when shipment is by barge.

The Contractor is responsible for all deliveries to all district offices as final delivery destinations listed in Exhibit A, the exact location inside the building to be specified by the respective office and may include the stacking of forms onto shelves as directed by a Department representative of each respective district office.

Immediately following delivery/mail out, Contractor shall email the Department of Taxation (Tsz.K.Li@Hawaii.gov) with detailed form numbers, quantity of each type of forms and date delivered/mailed.

9. **DELIVERY OF BLANK FORMS:**

Upon completion of printing, the Contractor shall deliver five (5) each of all forms in this bid specifications to:

Department of Taxation
Administrative Services Office
Attention: Tsz Keung Li
830 Punchbowl Street, Room 217
Honolulu, HI 96813

10. **ERROR:**

Allowance for errors for all forms shall not exceed $\frac{1}{4}$ of one percent; however, if the error of forms exceeds the percentage allowed, the Director of Taxation reserves the right to penalize the printer in the amount of ONE HUNDRED DOLLARS (\$100.00) for each erroneous form.

11. **CONFIDENTIALITY OF MATERIAL:**

The Contractor fully understands and shall comply with and assume responsibility for compliance by his/her/its employees with the following requirements:

All work shall be performed under the supervision of the Contractor or the Contractor's responsible employees.

All material and/or images given by the Department or made available to the Contractor shall be safeguarded by the Contractor and his/her/its employees and shall not be disclosed to any individual or organization without the prior written approval of the Department.

All tax returns and return information are confidential and shall be treated as such. It is unlawful for any person to disclose intentionally information imparted by any state or federal tax return or estimate, or willfully to permit any tax return or estimate to be seen or examined by any person other than the Contractor or the Contractor's authorized agent or persons duly authorized by the Department in connection with their official duties, except as provided by law. Any offense against the foregoing provisions shall be punished by a fine and/or imprisonment as provided for under state and/or federal laws as applicable.

12. **CONTRACT MODIFICATION:**

The Department, at any time, by written contract modification, without invalidating the Contract, may make changes within the general scope of the Contract, including but not limited to work requirements and schedule, and specifications and materials used. However, if any such change will cause an increase or decrease in the cost of the Contract, an equitable adjustment shall be made in the Contract price. Such adjustment shall be agreed upon between the Department and the Contractor before the contract modification is issued and the changed work is undertaken.

If the equitable adjustment causes an increase in cost, payment for the additional charge may be made by purchase order and the Contractor may be required to bill separately from the basic contract charge.

13. **PAYMENT:**

Upon delivery of the Net Income Miscellaneous 2 and Estimated Tax Forms, the Department will issue a check for ninety-five percent (95%) of the Contract price within the period of thirty (30) days, after receipt of invoice. An amount equal to five percent (5%) of the Contract award will be withheld pending final acceptance of the work performed. The amount withheld shall be released to the Contractor upon: (1) satisfactory completion of the work; (2) acceptance by the Department of the work herein to be performed; and (3) the Contractor filing with the Department a tax clearance certificate, not over two months old, with an original green certified copy stamp, from the Department and the IRS stating that all delinquent taxes levied or accrued under state statutes have been paid; and (4) the Contractor filing with the Department an original "Certification of Compliance for Final Payment" (SPO Form-22). The total amount to be paid will, however, be subject to any penalties that may be imposed by the Department.

14. **INVOICING:**

Contractor will invoice the Department for all forms delivered/mailed out. Invoice shall include an itemized listing of each form, and the quantity delivered/mailed out.

15. **ADDITIONAL CHARGES:**

The Department shall not be liable for any incidental additional charges of up to ten percent (10%) of the Contract amount. In addition, the Department will only be liable for those reasonable and necessary additional charges in excess of the ten percent (10%) incidental charge base that are approved by the Department. The Contractor must submit a breakdown, in writing, of these additional charges to the Department before approval will be considered.

16. **LIQUIDATED DAMAGES:**

Refer to item 9 of the General Conditions. Liquidated damages shall be assessed in the amount of ONE HUNDRED AND NO/100 DOLLARS (\$100.00) for each and every calendar day the Contractor fails to perform in whole or in part any of his/her/its obligations specified herein.

17. **TERMINATION OF SERVICE:**

The performance of the work or services under the Contract may be terminated by the Department, in whole or in part, upon determination that such termination is necessary and in the best interest of the State. In such event, the Department shall be liable only for payment of work or services performed prior to the effective date of termination. The termination of work or services hereunder shall be effective upon thirty (30) calendar days written notice to the Contractor.

18. **TIMELY RESPONSE TO ALL CONTACTS BY THE DEPARTMENT:**

If Contractor is contacted and is not immediately available, call back to DOTAX should occur by the end of the same business day or early the following business day.

19. **CHANGES IN FORM SPECIFICATIONS:**

The Department reserves the right to change form specifications from time to time due to changes in tax laws, automation and for other reasons.

20. **APPLICABILITY OF HAR §3-124-10, ET SEQ.:**

All bids submitted will be subject to HAR §#3-124-10, et seq., regarding printing, binding and stationery work.

PRINTING AND DELIVERING OF
NET INCOME MISCELLANEOUS 2 AND
ESTIMATED INCOME TAX FORMS FOR INDIVIDUALS
AND CORPORATIONS (NONMAIL AND MAIL-OUT FORMS) AND
OTHER INCOME TAX STATEMENTS AND ACCOUNT FORMS
FOR
THE DEPARTMENT OF TAXATION
DOTAX-IFB-FY-10-02

Honorable Stanley Shiraki
Acting Director of Taxation
State of Hawaii
830 Punchbowl Street, Room 221
Honolulu, Hawaii 96813-2904

Sir:

This bid is made in accordance with the Special Provisions, Specifications and General Conditions Form AG-008 Rev. 4/15/09 attached hereto and made a part hereof for the printing and delivering of Net Income Miscellaneous 2 and Estimated Income Tax Forms as indicated in the Offer Form.

This bid is made on behalf of:

and no others. Evidence of authority to submit this bid is herewith furnished. This bid is made without collusion on the part of any person, firm, or corporation mentioned above, and no official or employee of the government is directly or indirectly interested in this bid or in the supplies or work to which it relates or in any portion of the profits thereof.

The undersigned represents that it is: **(Check one only)**

- ☐ A **Hawaii business** incorporated or organized under the laws of the State of Hawaii; **OR**
☐ A **Compliant Non-Hawaii business** not incorporated or organized under the laws of the State of Hawaii, but registered at the State of Hawaii Department of Commerce and Consumer Affairs, Business Registration Division to do business in the State of Hawaii.

FOR THE PRINTING AND DELIVERING OF
NET INCOME MISCELLANEOUS 2 AND
ESTIMATED INCOME TAX FORMS FOR INDIVIDUALS
AND CORPORATIONS (NONMAIL AND MAIL-OUT FORMS) AND
OTHER INCOME TAX STATEMENTS AND ACCOUNT FORMS

The following bid is hereby submitted:

For the sum of: _____ DOLLARS (\$_____)

Detailed Pricing:	TOTAL QTY.	COST PER	TOTAL COST
F-1	1,055		
F-1 INSTR.	645		
FP-1	845		
HW-2	1,045		
N-1	10,150		
N-1A	1,316		
N-3	2,285		
N-4	500		
N-5	1,560		
N-11	89,500		
N-13	79,300		
N-15	16,300		
N-20 INSTR.	1,630		
N-20 SCH. K-1 INSTR.	2,145		
N-30 INSTR.	1,585		
N-35	1,650		
N-35 INSTR.	835		
N-40	2,150		
N-40 INSTR.	1,085		
N-66	630		
N-66 INSTR.	310		
N-70 NP INSTR.	900		
N-109 W/INSTR.	3,125		
N-152 INSTR.	1,510		
N-220	2,075		
N-288A	5,350		
N-288B	1,425		
N-586 W/INSTR.	1,075		
SCH. D-1 INSTR.	1,275		
SCHEDULE J	1,200		
SCHEDULE X	87,800		
U-6 INSTR.	1,050		
TOTALS	322,306		

The undersigned states that the undersigned has carefully read and understands the terms and conditions specified in the Special Provisions, Specifications, and General Conditions attached hereto, and by reference made a part hereof and available upon request; and hereby submits the following offer to perform the work specified herein, all in accordance with the true intent and meaning thereof.

The undersigned further understands and agrees that by submitting this offer, he/she is declaring his/her offer is not in violation of Chapter 84, Hawaii Revised Statutes, concerning prohibited state contracts; and if awarded the Contract, any services performed will be in accordance with §#103-55, HRS.

It is also strictly understood that on such items, which the State is exempt from Federal Excise Tax under the Revenue Act of 1943, the bid price shall not include such tax. On such items, an exemption certificate will be furnished to the successful bidder for the use by the manufacturer or manufacturers of each such article in obtaining such exemption.

All work to be performed in the State of _____. If the work cannot be performed within the State of Hawaii or the lowest price, which such work can be procured within the State, exceeds the bid of a mainland manufacturer of such items by fifteen percent, the work or any part thereof so affected may be performed outside the State (Hawaii Administrative Rules §#3-124-11 and §#3-124-12).

Enclosed with this bid is a list of the names, addresses, and the scope of the work to be performed by all subcontractors engaged by the bidder. Also included is a list of all locations where work is to be performed.

It is expressly understood that the Director of Taxation reserves the right to accept or reject any or all bids for any or all items of the Bid and that he may waive any defect when such waiver will be in the best interest of the public. It is further understood that any Bid which constitutes a conditional bid or a counter proposal will be rejected outright.

Respectfully submitted,

Date: _____

Exact Legal Name of Offeror*

Tel. No.: _____

Authorized Signature

Fax No.: _____

Title

Payment address, if other than
street address at right:

Street Address

Street Address

City, State, Zip Code

City, State, Zip Code

Hawaii General Excise Tax License I.D. No.: _____

Social Security or Federal I.D. No.: _____

*If Offeror shown above is a "dba" or a "division" of a corporation, furnish the exact legal name of the corporation under which the contract, if awarded, will be executed:

Offeror is: ☐ Individual ☐ Partnership ☐ Corporation ☐ Joint Venture

State of incorporation: Hawaii ☐ *Other _____

*If "other", is corporate seal available in Hawaii? Yes ☐ No ☐

SPECIFICATIONS FOR

F-1	FRANCHISE TAX RETURN
F-1 INSTR.	INSTRUCTIONS FOR F-1
FP-1	FRANCHISE TAX OR PUBLIC SERVICE COMPANY TAX – INSTALLMENT PAYMENT VOUCHER
HW-2	STATEMENT OF HAWAII INCOME TAX WITHHELD & WAGES PAID
N-1	DECLARATION OF ESTIMATED INCOME TAX FOR INDIVIDUALS (NON-MAIL)
N-1A	DECLARATION OF ESTIMATED INCOME TAX FOR INDIVIDUALS (MAIL-OUT)
N-3	DECLARATION OF ESTIMATED INCOME TAX FOR CORPORATIONS AND S CORPORATIONS (NON-MAIL)
N-4	STATEMENT OF WITHHOLDING FOR A NON-RESIDENT SHAREHOLDER OF AN S CORPORATION
N-5	DECLARATION OF ESTIMATED TAX FOR ESTATES AND TRUSTS
N-11	INDIVIDUAL INCOME TAX RETURN
N-13	INDIVIDUAL INCOME TAX RETURN – SHORT FORM
N-15	INDIVIDUAL INCOME TAX RETURN – NON-RESIDENT AND PART YEAR RESIDENT
N-20 INSTR.	INSTRUCTIONS FOR N-20
N-20 SCH. K-1 INSTR.	INSTRUCTIONS FOR N-20 SCH. K-1
N-30 INSTR.	INSTRUCTIONS FOR CORPORATION INCOME TAX RETURN
N-35	S CORPORATION INCOME TAX RETURN
N-35 INSTR.	INSTRUCTIONS FOR N-35
N-40	FIDUCIARY INCOME TAX RETURN
N-40 INSTR.	INSTRUCTIONS FOR N-40
N-66	REAL ESTATE MORTGAGE INVESTMENT CONDUIT INCOME TAX RETURN
N-66 INSTR.	INSTRUCTIONS FOR N-66
N-70NP INSTR.	INSTRUCTIONS FOR EXEMPT ORG. BUSINESS INCOME TAX RETURN
N-109 W/INSTR.	APPLICATION FOR REFUND FROM CARRYBACK OF NOL
N-152 INSTR.	INSTRUCTIONS FOR TAX ON LUMP-SUM DISTRIBUTIONS
N-220	UNDERPAYMENT OF ESTIMATED TAX BY CORPORATION
N-288A	STATEMENT OF WITHHOLDING ON DISPOSITIONS BY NONRESIDENT PERSONS OF HAWAII REAL PROPERTY INTERESTS
N-288B	APPLICATION FOR WITHHOLDING CERTIFICATE FOR DISPOSITIONS BY NONRESIDENT PERSONS OF HAWAII REAL PROPERTY INTERESTS
N-586 W/INSTR.	TAX CREDIT FOR LOW-INCOME HOUSING
SCH. D-1 INSTR.	INSTRUCTIONS FOR SCH. D-1
SCHEDULE J	SUPPLEMENTAL ANNUITIES
SCHEDULE X	TAX CREDITS FOR HAWAII RESIDENTS
U-6 INSTR.	INSTRUCTIONS FOR PUBLIC SERVICE COMPANY TAX RETURN

Specifications for Printing and Delivery of

F-1 FRANCHISE TAX RETURN:

1. SIZE: 11" x 17"
 FOLDED TO: 8-1/2" x 11"
2. PAPER STOCK: 20# bond, white.
3. COLOR OF INK: Printing of text all in black ink.
4. COMPOSITION: a) Contents of the form shall be centered for equal margins.
 b) Arrange vertical spacing for each line so that it will correspond to the spacing of the typewriter when each space is advanced to the next line.
 c) The type of print shall be set in boldface, light and medium print. Indicate reverse printing, ballot boxes and symbols as shown on sample.
5. REGISTRATION: All parts of the form shall be kept in complete alignment with each other.

F-1 INSTRUCTIONS:

1. SIZE: 11" x 17"
 FOLDED TO: 8-1/2" x 11" (as per sample)
2. PAPER STOCK: 20# bond, white.
3. COLOR OF INK: Black ink.
4. NUMBER OF PAGES: Four (4) or less pages; or more as needed.
5. COMPOSITION: a) Contents of the form shall be centered for equal margins.
 b) The contents shall be reset in a form so that each column of the instructions is continuous vertically from the top of the page to the bottom of the page without break.
 c) Each section of the instructions shall run in continuity so that the subject will be easier to follow.
 d) Contents of form shall be set into 2 columns (spread out evenly).
 e) The type of print shall be set in boldface, light and medium print.

FORM FP-1 FRANCHISE TAX OR PUBLIC SERVICE COMPANY TAX INSTALLMENT PAYMENT VOUCHER:

1. SIZE: 8-1/2" x 11-5/8" overall (5/8" perforated stub at top).
 6 part snap apart to 8-1/2" x 11" detached.
2. PAPER STOCK: 20# bond, white
3. INK: Parts 1 through 6 shall be printed with black ink, back sides shall be printed with light black ink.

4. PERFORATION: One (1) extra horizontal perforation 5-1/2" from stub perforation on all sheets.
5. GLUING: The sheets shall be glued at the top of the form as shown on sample.

HW-2 STATEMENT OF HAWAII INCOME TAX WITHHELD AND WAGES PAID:

1. SIZE: 8-5/8" x 11", with stub at left and with three extra perforations making 3 form HW-2 on 11" paper.
2. PAPER STOCK: COPY A - 15# bond, white
COPY B - 12# bond, white
COPY C - 12# bond, white
COPY D - 15# bond, white
3. INK: FACE: Shall be printed with black ink.
BACKER: Reverse side of COPY A, B, and C shall be printed in dark gray tone so that it can be clearly readable.
4. NUMBER OF PARTS: Four (4)
5. PERFORATIONS: Perforations shall be at left side of the form with two extra perforations between sets.
6. GLUING: All sheets shall be glued at left, 8-5/8" x 3-2/3" with 5/8" stub left on 11" paper.

N-1 (NONMAIL FORM) WITHOUT IMPRINTED TAXPAYER'S NAME AND ADDRESS, ETC.:

1. OVERALL SIZE: 8-1/2" x 11-5/8" with 5/8" top stub
Tear-out size: 8-1/2" x 11"
2. PAPER STOCK: 20# bond, white
3. INK: PAGES 1-4: Shall be printed with black ink.
PAGES 5-11: Shall be printed with OCR ink. Note: Pages 6, 8, 10 shall be blank.
4. GLUING: The sheets shall be glued at the top of the form as shown on sample.
5. PERFORATIONS: Perforations shown on sample VOUCHER SHEETS (pages 5-11) shall be able to snap apart easily when opened for use EXCEPT cover sheet shall remain intact.
6. REGISTRATION: All parts of the form shall be kept in complete alignment with each other.

N-1A IMPRINTED MAIL-OUT FORM (packet):

1. OVERALL SIZE: 8-1/2" x 12-1/2" with 5/8" stub at top and bottom of the form.
Tear-out size: 8-1/2" x 11"
2. PAPER STOCK: 20# bond, white

3. INK: COVER SHEET (Outside front)
 Shall be printed with black ink.
 Back of cover sheet shall be blank.

PAGES 1-4: Shall be printed with black ink.

PAGES 5-11: Shall be printed with OCR ink. Note: Pages 6, 8, 10 shall be blank.
4. GLUING: The gluing method of binding the sheets together to be at the top and bottom of the form as shown on sample.
 Sides of packets must also be sealed so as to ensure the confidentiality of taxpayers' data.
5. PERFORATIONS: Perforations shown on sample shall be able to snap or tear apart easily, EXCEPT cover sheet (outside front) and General Instruction sheet shall remain intact.
6. REGISTRATION: All parts of the form shall be kept in complete alignment with each other.
7. POSTAL REQUIREMENTS: Packets must meet Postal requirements for Bulk Rate mailing if Contractor uses Department's Permit No. 481:

BULK RATE
 U.S. POSTAGE
 PAID
 STATE OF HAWAII
 DEPARTMENT OF TAXATION

(SEE COVER SHEET OF SAMPLE FOR FORMAT)

8. SUBMISSION OF MAGNETIC TAPE: The Department of Taxation will provide the successful bidder with taxpayers' names, addresses, and social security numbers on 6250 BPI magnetic tape with IBM standard label using EBCDIC (Extended Binary Coded Decimal Interchange Code). File record layout and data control block information and magnetic tapes shall be provided to the successful bidder by Mr. Tsz Keung Li., Administrative Services Office by October 5, 2010.
9. QUANTITIES: 1,316
 (Mailer Packet) 50 packets only (without taxpayer's name, address, etc.). Refer to Item 11(a) below.
10. SORTING AND BUNDLING PROCEDURES: All Bulk Rate shall be sorted by "ZIP CODE + 4" and bundled with strong twine. Bundling and sorting must comply with U.S. Postal Regulations set forth by the U.S. Postal Service.
11. DELIVERY DATE & INSTRUCTIONS: ALL IMPRINTED 2011 N-1A MAIL-OUT FORMS (PACKETS) WITH TAXPAYER'S NAME, ADDRESS, ETC., MUST BE COMPLETED, SEALED IN ENVELOPES AND DELIVERED TO THE PLACE AND ON THE DATE NOTED BELOW:

DATE: January 3, 2011

TO: BULK RATE SECTION
MAIN POST OFFICE
RODGERS BLVD.
HONOLULU, HI 96820

- a) UPON OUR REQUEST, TEN (10) EACH OF FORM N-1A MAIL-OUT FORMS (PACKETS) WITHOUT TAXPAYER'S NAME, ADDRESS, ETC., SHALL BE DELIVERED TO THE ADDRESS NOTED BELOW:

Department of Taxation
Technical Section
Attention: Technical Supervisor
Princess Ruth Keelikolani Bldg, Room 219
830 Punchbowl Street
Honolulu, HI 96813-2904

N-3 DECLARATION OF ESTIMATED INCOME TAX FOR CORPORATIONS AND S CORPORATIONS (NONMAIL):

1. SIZE: 8-1/2" x 11-5/8" with 5/8" top stub
Tear-out size: 8-1/2" x 11"
2. PAPER STOCK: 20# bond, white
3. INK: PAGE 1: GENERAL INSTRUCTIONS SHEET:
Shall be printed with black ink.

PAGE 2: BACK OF GENERAL INSTRUCTION SHEET:
Shall be printed with black ink.

PAGES 3-9: VOUCHERS :
Shall be printed with OCR ink EXCEPT screened design section shall be printed with light black ink.
Note: pages 4, 6, 8 shall be blank.
4. PERFORATIONS: Perforations as shown on sample. Perforations shall be able to snap or tear apart easily.
5. GLUING: The sheets shall be glued at the top of the form as shown on sample.

N-4 STATEMENT OF WITHHOLDING FOR A NON-RESIDENT SHAREHOLDER OF AN S CORPORATIONS :

1. SIZE: 8-1/2" x 11-5/8" overall (5/8" perforated stub at top).
2 part snap apart to 8-1/2" x 11" detached
2. PAPER STOCK: 20# bond, white
3. INK: Part 1 (Copy A) shall be printed with black ink, 1 side.
Part 2 (Copy B) shall be printed with black ink, 2 sides.

4. GLUING: The sheets shall be glued at the top of the form.
5. PERFORATIONS: One (1) extra horizontal perforation 5-1/2" from stub perforation on both sheets.

N-5 DECLARATION OF ESTIMATED TAX FOR ESTATES AND TRUSTS:

1. SIZE: 8-1/2" x 11-5/8" overall (5/8" perforated stub at top)
3 part snap apart to 8-1/2" x 11" detached.
2. PAPER STOCK: 20# bond, white
3. INK: Part 1 (General Instructions) shall be printed with black ink, 1 side.
Part 2 (Voucher Numbers 2 & 1) shall be printed with OCR ink.
Part 3 (Voucher Numbers 4 & 3) shall be printed with OCR ink.
4. PERFORATIONS: One (1) extra horizontal perforation 5-1/2" from stub perforation on both sheets (parts 2 & 3).
5. GLUING: The sheets shall be glued at the top of the form as shown on sample.

N-11 INDIVIDUAL INCOME TAX RETURN:

1. OVERALL SIZE: 8-1/2" x 11"
2. PAPER STOCK: 50# white wove-OCR paper
3. COLOR OF INK: Printing of text all in black ink. Screened design areas shall be printed in PANTONE 157.
4. NUMBER OF PAGES: Four (4) or less pages; or more as needed.
5. COMPOSITION:
 - a) Contents of the form shall be centered for equal margins.
 - b) The form is scannable for machine recognition. Areas where taxpayers will be filling in information will be encircled by using drop-out color (PANTONE 157)
 - c) The type of print shall be set in boldface, light and medium print. Indicate reverse printing, ballot boxes, and symbols as shown on sample.
6. REGISTRATION: All parts of the form shall be in complete alignment with each other.
7. BINDERY: Forms need to be perforated at the top.

N-13 INDIVIDUAL INCOME TAX RETURN:

1. OVERALL SIZE: 8-1/2" x 11"
2. PAPER STOCK: 20# bond, white
3. COLORS OF INK: Face and back shall be printed PANTONE #300U (10% SCREENED BLUE TINT), EXCEPT shaded areas shall remain white. Printing of text all in black ink. For reverse printing area background shall be in dark black ink with

white lettering as shown on sample.

4. COMPOSITION:
 - a) Contents of the form shall be centered for equal margins.
 - b) Arrange vertical spacing for each line so that it will correspond to the spacing of the typewriter when each space is advanced to the next line.
 - c) The type of print shall be set in boldface, light and medium print. Indicate reverse printing, ballot boxes and symbols as shown on sample.
5. REGISTRATION: All parts of the form shall be in complete alignment with each other.

N-15 INDIVIDUAL INCOME TAX RETURN (Non-resident and part-year resident):

1. OVERALL SIZE: 8-1/2" x 11"
2. PAPER STOCK: 50# white wove-OCR paper
3. COLOR OF INK: Printing of text all in black ink. Screened design areas shall be printed in PANTONE 032, warm red. For reverse printing area background shall be dark black ink with white lettering as shown on sample.
4. NUMBER OF PAGES: Four (4) or less pages, or more as needed.
5. COMPOSITION:
 - a) Contents of the form shall be centered for equal margins.
 - b) The form is designed to be scanned and imaged. Areas where taxpayers will be filling in information will be encircled by using drop-out color (PANTONE 032, warm red)
 - c) The type of print shall be set in boldface, light and medium print. Indicate reverse printing, ballot boxes, and symbols as shown on sample.
6. REGISTRATION: All parts of the form shall be in complete alignment with each other.
7. BINDERY: Forms need to be perforated at the top.

N-20 PARTNERSHIP RETURN OF INCOME INSTRUCTIONS:

1. SIZE; 11" x 17"
FOLDED TO: 8-1/2 x 11 (as per sample)
2. PAPER STOCK: 20# bond, white
3. COLOR OF INK: Black ink.
4. NUMBER OF PAGES: Eight (8) or less pages; or more as needed.
5. COMPOSITION:
 - a) Contents shall be centered for equal margins.
 - b) Contents of the form shall be reset in a form so that each column of the instructions is continuous vertically from the top of the page to the bottom of the page without a break.

- c) Each section of the instructions shall run in continuity so that the subject will be easier to follow.
- d) Contents of form shall be set into 3 columns (spread out evenly).
- e) The type of print shall be set in boldface, light and medium print. Indicate ballot boxes and symbols as shown on sample.

6. BINDERY STYLES: a) Side-stitch - Binding of 2 staples to be stapled equally apart from each other
- b) Gluing - The gluing method of binding the sheets together must be secure enough so that the sheets will NOT COME APART WHEN OPENED FOR USE.

N-20 PARTNER'S INSTRUCTIONS FOR SCHEDULE K-1:

1. SIZE: 11" x 17"
- FOLDED TO: 8-1/2" x 11" (as per sample)
2. PAPER STOCK: 20# bond, white
3. COLOR OF INK: Black ink.
4. NUMBER OF PAGES: Six (6) or less pages; or more as needed.
5. COMPOSITION: a) Contents shall be centered for equal margins.
- b) Contents of the form shall be reset in a form so that each column of the instructions is continuous vertically from the top of the page to the bottom of the page without a break.
- c) Each section of the instructions shall run in continuity so that the subject will be easier to follow.
- d) Contents of form shall be set into 3 columns (spread out evenly).
- e) The type of print shall be set in boldface, light and medium print.
6. BINDERY STYLES: a) Side-stitch - Binding of 2 staples to be stapled equally apart from each other
- b) Gluing - The gluing method of binding the sheets together must be secure enough so that the sheets will NOT COME APART WHEN OPENED FOR USE.

N-30 INSTRUCTIONS - CORPORATION INCOME TAX RETURN:

1. SIZE: 11" x 17"
- FOLDED TO: 8-1/2" x 11" (as per sample)
2. PAPER STOCK: 20# bond, white
3. COLOR OF INK: Black ink.
4. NUMBER OF PAGES: Eight (8) or less pages; or more as needed.
5. COMPOSITION: a) Contents of the form shall be centered for equal margins.
- b) The contents shall be reset in a form so that each column of the

instructions is continuous vertically from the top of the page to the bottom of the page without a break.

- c) Each section of the instructions shall run in continuity so that the subject will be easier to follow.
- d) Contents of form shall be set into 3 columns (spread out evenly).
- e) The type of print shall be set in boldface, light and medium print.

6. BINDERY STYLES:
- a) Side-stitch - Binding of 2 staples to be stapled equally apart from each other
 - b) Gluing - The gluing method of binding the sheets together must be secure enough so that the sheets will NOT COME APART WHEN OPENED FOR USE.

N-35 S CORPORATION INCOME TAX RETURN:

- 1. SIZE: 11" x 17"
FOLDED TO: 8-1/2" x 11" (as per sample)
- 2. PAPER STOCK: 20# bond, white
- 3. COLOR OF INK: Printing of text all in black ink. Screened design areas shall be in light black ink. For reverse printing area background shall be dark black ink with white lettering as shown on sample.
- 4. COMPOSITION:
 - a) Contents of the form shall be centered for equal margins.
 - b) Arrange vertical spacing for each line so that it will correspond to the spacing of the typewriter when each space is advanced to the next line.
 - c) The type of print shall be in boldface, light and medium print. Indicate reverse printing, ballot boxes, and symbols as shown on sample.
- 5. REGISTRATION: All parts of the form shall be in complete alignment with each other.

N-35 INSTRUCTIONS:

- 1. SIZE: 11" x 17"
FOLDED TO: 8-1/2" x 11"
- 2. PAPER STOCK: 20# bond, white
- 3. COLOR OF INK: Black ink.
- 4. NUMBER OF PAGES: Eight (8) or less pages; or more as needed.
- 5. COMPOSITION:
 - a) Contents of the form shall be centered for equal margins.
 - b) The contents shall be reset in a form so that each column of the instructions is continuous vertically from the top of the page to the bottom of the page without a break.
 - c) Each section of the instructions shall run in continuity so that the subject will be easier to follow.

- d) Contents of form shall be set into 3 columns (spread out evenly).
- e) The type of print shall be set in boldface, light and medium print.

6. BINDERY STYLES:
- a) Side-stitch - Binding of 2 staples to be stapled equally apart from each other.
 - b) Gluing - The gluing method of binding the sheets together must be secure enough so that the sheets will NOT COME APART WHEN OPENED FOR USE.

N-40 FIDUCIARY INCOME TAX RETURN:

1. SIZE: 11" x 17"
2. FOLDED TO: 8-1/2" x 11" (as per sample)
PAPER STOCK: 20# bond, white
3. COLORS OF INK: Face and back shall be printed Pantone #481CV, 10% SCREENED LIGHT BROWN TINT, EXCEPT shaded areas shall remain white. Printing of text all in black ink. Screened design areas shall be in light black ink. Reverse printing in dark black ink with white lettering.
4. COMPOSITION:
 - a) Contents of form shall be centered for equal margins.
 - b) Arrange vertical spacing for each line so that it will correspond to the spacing of the typewriter when each space is advanced to the next line.
 - c) The type of print shall be set in boldface, light and medium print. Indicate ballot boxes and symbols as shown on sample.
5. REGISTRATION: All parts of the form shall be in complete alignment with each other.

N-40 INSTRUCTIONS:

1. SIZE: 11" x 17"
FOLDED TO: 8-1/2" x 11" (as per sample)
2. PAPER STOCK: 20# bond, white
3. COLOR OF INK: Black ink.
4. NUMBER OF PAGES: Fourteen (14) or less pages; or more as needed.
5. COMPOSITION:
 - a) Contents shall be centered for equal margins.
 - b) Contents of the form shall be reset in a form so that each column of the instructions is continuous vertically from the top of the page to the bottom of the page without a break.
 - c) Each section of the instructions shall run in continuity so that the subject will be easier to follow.
 - d) Contents of form shall be set into 3 columns (spread out evenly).
 - e) The type of print shall be set in boldface, light and medium print. Indicate symbols as shown on sample.
6. BINDERY STYLES:
 - a) Side-stitch - Binding of 2 staples to be stapled equally apart from each other.

- b) Gluing - The gluing method of binding the sheets together must be secure enough so that the sheets will NOT COME APART WHEN OPENED FOR USE.

N-66 REAL ESTATE MORTGAGE INVESTMENT CONDUIT:

1. SIZE: 11" x 17"
FOLDED TO: 8-1/2" x 11" (as per sample)
2. PAPER STOCK: 20# bond, white
3. COLOR OF INK: Black ink.
4. COMPOSITION:
 - a) Contents of the form shall be centered for equal margins.
 - b) Arrange vertical spacing for each line so that it will correspond to the spacing of the typewriter when each space is advanced to the next line.
 - c) The type of print shall be in boldface, light and medium print. Indicate reverse printing, ballot boxes, and symbols as shown on sample.
5. REGISTRATION: All parts of the form shall be in complete alignment with each other.

N-66 INSTRUCTIONS:

1. SIZE: 11" x 17"
FOLDED TO: 8-1/2" x 11" (as per sample)
2. PAPER STOCK: 20# bond, white
3. COLOR OF INK: Black ink.
4. NUMBER OF PAGES: Four (4) or less pages; or more as needed.
5. COMPOSITION:
 - a) Contents of the form shall be centered for equal margins.
 - b) The contents shall be reset in a form so that each column of the instructions is continuous vertically from the top of the page to the bottom of the page without a break.
 - c) Each section of the instructions shall run in continuity so that the subject will be easier to follow.
 - d) Contents of form shall be set into 3 columns (spread out evenly).
 - e) The type of print shall be set in boldface, light and medium print.

N-70NP INSTRUCTIONS:

1. SIZE: 11" x 17"
FOLDED TO: 8-1/2" x 11" (as per sample)
2. PAPER STOCK: 20# bond, white
3. COLOR OF INK: Black ink.

4. NUMBER OF PAGES: Six (6) or less pages; or more as needed.
5. COMPOSITION:
 - a) Contents of the form shall be centered for equal margins.
 - b) The contents shall be reset in a form so that each column of the instructions is continuous vertically from the top of the page to the bottom of the page without a break.
 - c) Each section of the instructions shall run in continuity so that the subject will be easier to follow.
 - d) Contents of form shall be set into 3 columns (spread out evenly).
 - e) The type of print shall be set in boldface, light and medium print. Indicate symbols as shown on sample.

N-109 APPLICATION FOR TENTATIVE REFUND FROM CARRYBACK OF NET OPERATING LOSS:

1. SIZE: 11" x 17"
FOLDED TO: 8-1/2" x 11"
2. PAPER STOCK: 20# bond, white
3. COLOR OF INK: Printing of text all in black ink. Screened design areas shall be in light black ink. For reverse printing area background shall be dark black ink with white lettering as shown on sample.
4. NUMBER OF PAGES: Four (4) or less pages; or more as needed.
5. COMPOSITION:
 - a) Contents of the form shall be centered for equal margins.
 - b) The contents shall be reset in a form so that each column of the instructions is continuous vertically from the top of the page to the bottom of the page without a break.
 - c) Each section of the instructions shall run in continuity so that the subject will be easier to follow.
 - d) Contents of form shall be set into 2 columns (spread out evenly).
 - e) The type of print shall be set in boldface, light and medium print. Indicate reverse printing, ballot boxes, and symbols as shown on samples.
 - f) Arrange vertical spacing for each line so that it will correspond to the spacing of the typewriter when each space is advanced to the net line.

N-152 INSTRUCTIONS – TAX ON LUMP-SUM DISTRIBUTIONS:

1. SIZE: 11" x 17"
FOLDED TO: 8-1/2" x 11" (as per sample)
2. PAPER STOCK: 20# bond, white
3. COLOR OF INK: Black ink.
4. NUMBER OF PAGES: Four (4) or less pages; or more as needed.

5. COMPOSITION:
- a) Contents of the form shall be centered for equal margins.
 - b) The contents shall be reset in a form so that each column of the instructions is continuous vertically from the top of the page to the bottom of the page without a break.
 - c) Each section of the instructions shall run in continuity so that the subject will be easier to follow.
 - d) Contents of form shall be set into 3 columns (spread out evenly).
 - e) The type of print shall be set in boldface, light and medium print. Indicate symbols as shown on sample.

N-220 UNDERPAYMENT OF ESTIMATED TAX BY CORPORATIONS & S CORPORATIONS:

1. SIZE: 11" x 17"
- FOLDED TO: 8-1/2" x 11" (as per sample)
2. PAPER STOCK: 20# bond, white
3. COLOR OF INK: Printing of text all in black ink. Screened design areas shall be in light black ink. For reverse printing area background shall be dark black ink with white lettering.
4. NUMBER OF PAGES: Four (4) or less pages; or more as needed.
5. COMPOSITION:
- a) Contents of the form shall be centered for equal margins.
 - b) Arrange vertical spacing for each line so that it will correspond to the spacing of the typewriter when each space is advanced to the next line.
 - c) The contents shall be reset in a form so that each column of the instructions is continuous vertically from the top of the page to the bottom of the page without a break.
 - d) Each section of the instructions shall run in continuity so that the subject will be easier to follow.
 - e) Contents of form shall be set into 3 columns (spread out evenly).
 - f) The type of print shall be set in boldface, light and medium print. Indicate reverse printing, ballot boxes, and symbols as shown on sample.
6. REGISTRATION: All parts of the form shall be in complete alignment with each other.

N-288A STATEMENT OF WITHHOLDING ON DISPOSITIONS BY NONRESIDENT PERSONS OF HAWAII REAL PROPERTY INTERESTS:

1. SIZE: 8-1/2" x 11-5/8" overall (5/8" perforated stub at top)
3 part snap apart to 8-1/2" x 11" detached.
2. PAPER STOCK: 20# bond, white
3. INK: Part 1 (Copy A) shall be printed with black ink, backside shall be printed with light black ink.
Part 2 (Copy B) shall be printed with black ink, back side shall be

printed with light black ink.
Part 3 (Copy C) shall be printed with black ink, back side shall be blank.

4. PERFORATIONS: One (1) extra horizontal perforation 5-1/2" from stub perforation on all sheets.
5. GLUING: The sheets shall be glued at the top of the form as shown on sample.

**N-288B APPLICATION FOR WITHHOLDING CERTIFICATE FOR DISPOSITIONS BY
NONRESIDENT PERSONS OF HAWAII REAL PROPERTY INTERESTS:**

1. SIZE: 8-1/2" x 11-5/8" overall (5/8" perforated stub at top)
2 part snap apart to 8-1/2" x 11" detached.
2. PAPER STOCK: 20# bond, white
3. INK: Part 1 (Copy A) shall be printed with black ink, 2 sides.
Part 2 (Copy B) shall be printed with black ink, 2 sides.
4. GLUING: The sheets shall be glued at the top of the form as shown on sample.

SCHEDULE D-1 INSTRUCTIONS:

1. SIZE: 11" x 17"
FOLDED TO: 8-1/2" X 11" (as per sample)
2. PAPER STOCK: 20# bond, white
3. COLOR OF INK: Black ink.
4. NUMBER OF PAGES: Four (4) or less pages; or more as needed.
5. COMPOSITION:
 - a) Contents of the form shall be centered for equal margins.
 - b) The contents of the form shall be reset in a form so that each column of the instructions is continuous vertically from the top of the page to the bottom of the page without a break.
 - c) Each section of the instruction shall run in continuity so that the subject will be easier to follow.
 - d) Contents of form shall be set into 3 columns (spread out evenly).
 - e) The type of print shall be set in boldface, light and medium print. Indicate symbols as shown on sample.

SCHEDULE J SUPPLEMENTAL ANNUITIES:

1. SIZE: 11" x 17"
FOLDED TO: 8-1/2" x 11" (as per sample)
2. PAPER STOCK: 20# bond, white
3. COLOR OF INK: Black ink. Screened design areas shall be in light black ink.
4. NUMBER OF PAGES: Three (3) or less pages or more as needed.

5. COMPOSITION:
 - a) Contents of the form shall be centered for equal margins.
 - b) Each section of the instruction shall run in continuity so that the subject will be easier to follow.
 - c) Contents of instructions shall be set into 2 columns (spread out evenly).
 - d) The type of print shall be set in boldface, light and medium print.
6. REGISTRATION: All parts of the form shall be in complete alignment with each other.

SCHEDULE X TAX CREDITS FOR HAWAII RESIDENTS:

1. OVERALL SIZE: 8-1/2" x 11"
2. PAPER STOCK: 20# bond, white
3. COLOR OF INK: Printing of text all in black ink. Screened design areas shall be in light black ink.
4. COMPOSITION:
 - a) Contents of the form shall be centered for equal margins.
 - b) Arrange vertical spacing for each line so that it will correspond to the spacing of the typewriter when each space is advanced to the next line.
 - c) The type of print shall be set in boldface, light and medium print.
5. REGISTRATION: All parts of the form shall be in complete alignment with each other.

U-6 INSTRUCTIONS - PUBLIC SERVICE COMPANY TAX RETURN:

1. SIZE: 11" x 17"
FOLDED TO: 8-1/2" x 11" (as per sample)
2. PAPER STOCK: 20# bond, white
3. COLOR OF INK: Black ink.
4. NUMBER OF PAGES: Four (4) or less pages; or more as needed.
5. COMPOSITION:
 - a) Contents of the form shall be centered for equal margins.
 - b) The contents shall be reset in a form so that each column of the instructions is continuous vertically from the top of the page to the bottom of the page without a break.
 - c) Each section of the instructions shall run in continuity so that the subject will be easier to follow.
 - d) Contents of form shall be set into 2 columns (spread out evenly).
 - e) The type of print shall be set in boldface, light and medium print. Indicate symbols as shown on sample.
6. REGISTRATION: All parts of the form shall be in complete alignment with each other.

QUANTITIES AND DELIVERY DATES FOR NET INCOME MISC. 2 AND ESTIMATED FORMS

EXHIBIT A

NET INCOME	OAHU DISTRICT OFFICE				MAUI	HAWAII	KAUAI			
	1 st QTY.	Special	Various	Total				TOT.	Bundle	DRAFT
	QTY.	QTY.	QTY.	QTY.	QTY.	QTY.	QTY.	QTY.	QTY.	Rules/Tech
F-1	1,000	0	0	1,000	10	25	20	1,055		09/30/10
F-1 INSTR.	600	0	0	600	10	25	10	645		09/30/10
FP-1	800	0	0	800	10	25	10	845	200	08/13/10
HW-2	1,000	0	0	1,000	10	25	10	1,045	200	08/13/10
N-1	6,000	0	3,000	9,000	200	800	150	10,150	200	08/13/10
N-1A (*see below)	1,316	0	0	1,316	0	0	0	1,316		08/13/10
N-3	2,000	0	0	2,000	25	250	10	2,285	200	08/13/10
N-4	500	0	0	500	0	0	0	500		08/13/10
N-5	1,500	0	0	1,500	25	25	10	1,560	200	08/13/10
N-11	35,000	25,000	20,000	80,000	1,000	7,500	1,000	89,500	200	10/15/10
N-13	35,000	25,000	10,000	70,000	600	8,500	200	79,300	200	10/15/10
N-15	10,000	5,000	0	15,000	100	1,100	100	16,300	200	10/15/10
N-20 INSTR.	1,500	0	0	1,500	20	100	10	1,630	100	09/30/10
N-20 SCH. K-1 INSTR.	2,000	0	0	2,000	20	100	25	2,145		09/30/10
N-30 INSTR.	1,500	0	0	1,500	25	50	10	1,585	100	09/30/10
N-35	1,500	0	0	1,500	25	100	25	1,650	200	09/30/10
N-35 INSTR.	750	0	0	750	25	50	10	835	100	09/30/10
N-40	2,000	0	0	2,000	25	100	25	2,150	200	09/30/10
N-40 INSTR.	1,000	0	0	1,000	25	50	10	1,085	100	09/30/10
N-66	600	0	0	600	0	30	0	630		09/30/10
N-66 INSTR.	300	0	0	300	0	10	0	310		09/30/10
N-70 NP INSTR.	800	0	0	800	25	50	25	900		09/30/10
N-109 W/INSTR.	3,000	0	0	3,000	0	125	0	3,125	200	10/15/10
N-152 INSTR.	1,500	0	0	1,500	0	10	0	1,510		10/15/10
N-220	2,000	0	0	2,000	0	75	0	2,075		10/15/10
N-288A	3,000	0	2,000	5,000	100	150	100	5,350	200	08/13/10
N-288B	1,000	0	0	1,000	25	300	100	1,425	200	08/13/10
N-586 W/INSTR.	1,000	0	0	1,000	0	75	0	1,075		09/30/10
SCH. D-1 INSTR.	1,200	0	0	1,200	25	25	25	1,275		10/15/10
SCHEDULE J	1,000	0	0	1,000	25	150	25	1,200		10/15/10
SCHEDULE X	30,000	20,000	30,000	80,000	1,200	6000	600	87,800	200	10/15/10
U-6 INSTR.	1,000	0	0	1,000	0	50	0	1,050		09/30/10
TOTALS	150,366	75,000	65,000	290,366	3,555	25,875	2,510	322,306		
DELIVERY DATES	12/03/10	01/03/11	Various		12/03/10	12/03/10	12/03/10			

*N-1A: CD extract to vendor no later than October 5, 2010. Delivery to Post Office by January 3, 2011.

**DELIVERY INSTRUCTIONS FOR NET INCOME MISCELLANEOUS 2 AND ESTIMATED TAX
RETURN FORMS - DELIVER TO:**

****OAHU DISTRICT OFFICE**
KEELIKOLANI BUILDING
ATTN: Annette Yamanuha, Tax Services Mgr.
830 Punchbowl Street, Room 124
Honolulu, HI 96813-2904
Telephone No. (808) 587-3267

****HAWAII DISTRICT OFFICE**
STATE OFFICE BUILDING
ATTN: Roy Hamakawa, Hawaii Dist Tax Mgr.
75 Aupuni Street., Room 101
Hilo, HI 96720-7396
Telephone No. (808) 974-6396

****MAUI DISTRICT OFFICE**
STATE OFFICE BUILDING
ATTN: Wayne Fujita, Maui Dist Tax Mgr.
54 High Street, Room 208
Wailuku, HI 96793-2126
Telephone No. (808) 984-8509

****KAUAI DISTRICT OFFICE**
STATE OFFICE BUILDING
ATTN: Dulcie Yano, Kauai Dist. Tax Mgr.
3060 Eiwa Street, Room 105
Lihue, HI 96766-1310
Telephone No. (808) 274-3458

**** Delivery of tax forms to all district offices may require delivery to 1st, 2nd and/or 3rd floors or available space & may also require stacking them on shelves.**

EXHIBIT B

SMALL BUSINESS PROGRAM REPRESENTATION

The small business eligibility criteria for IFB No.: **DOTAX-IFB-FY-10-02, for the Printing and Delivering of Net Income Tax Return Packets and Net Income Miscellaneous Packets** is the NAICS code **323119** for **Other Commercial Printing** and whose annual number of employees is **500 or less**.

The Offeror hereby affirmatively represents that it is a qualified small business concern eligible for award of the contract under the eligibility criteria above.

The Offeror further represents that the Offeror's average number of employees for the past twelve (12) months and the Offeror's annual gross revenue for the proceeding fiscal year was reflected below. (Offeror must check and initial one blank in each column):

<u>NUMBER OF EMPLOYEES</u>	<u>AVERAGE ANNUAL GROSS</u>
<u>REVENUES</u>	
_____ 15 or fewer	_____ \$500,000 or less
_____ 16 to 50	_____ \$500,001 to \$1,000,000
_____ 51 to 100	_____ \$1,000,001 to \$2,000,000
_____ 101 to 250	_____ \$2,000,001 to \$3,500,000
_____ 251 to 500	_____ \$3,500,001 to \$5,000,000
_____ 501 to 750	_____ \$5,000,001 to \$10,000,000
_____ 751 to 1,000	_____ \$10,000,001 to \$17,000,000
_____ Over 1,000	_____ Over \$17,000,000

Offeror represents in good faith that it is a small business at the time of this Contract and that it meets the definition of a "small business concern" as defined herein.

OFFEROR _____

By: _____

Title: _____

Date: _____

GENERAL CONDITIONS

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GENERAL CONDITIONS

1. Coordination of Services by the STATE. The head of the purchasing agency ("HOPA") (which term includes the designee of the HOPA) shall coordinate the services to be provided by the CONTRACTOR in order to complete the performance required in the Contract. The CONTRACTOR shall maintain communications with HOPA at all stages of the CONTRACTOR'S work, and submit to HOPA for resolution any questions which may arise as to the performance of this Contract. "Purchasing agency" as used in these General Conditions means and includes any governmental body which is authorized under chapter 103D, HRS, or its implementing rules and procedures, or by way of delegation, to enter into contracts for the procurement of goods or services or both.
2. Relationship of Parties: Independent Contractor Status and Responsibilities, Including Tax Responsibilities.
 - a. In the performance of services required under this Contract, the CONTRACTOR is an "independent contractor," with the authority and responsibility to control and direct the performance and details of the work and services required under this Contract; however, the STATE shall have a general right to inspect work in progress to determine whether, in the STATE'S opinion, the services are being performed by the CONTRACTOR in compliance with this Contract. Unless otherwise provided by special condition, it is understood that the STATE does not agree to use the CONTRACTOR exclusively, and that the CONTRACTOR is free to contract to provide services to other individuals or entities while under contract with the STATE.
 - b. The CONTRACTOR and the CONTRACTOR'S employees and agents are not by reason of this Contract, agents or employees of the State for any purpose, and the CONTRACTOR and the CONTRACTOR'S employees and agents shall not be entitled to claim or receive from the State any vacation, sick leave, retirement, workers' compensation, unemployment insurance, or other benefits provided to state employees.
 - c. The CONTRACTOR shall be responsible for the accuracy, completeness, and adequacy of the CONTRACTOR'S performance under this Contract. Furthermore, the CONTRACTOR intentionally, voluntarily, and knowingly assumes the sole and entire liability to the CONTRACTOR'S employees and agents, and to any individual not a party to this Contract, for all loss, damage, or injury caused by the CONTRACTOR, or the CONTRACTOR'S employees or agents in the course of their employment.
 - d. The CONTRACTOR shall be responsible for payment of all applicable federal, state, and county taxes and fees which may become due and owing by the CONTRACTOR by reason of this Contract, including but not limited to (i) income taxes, (ii) employment related fees, assessments, and taxes, and (iii) general excise taxes. The CONTRACTOR also is responsible for obtaining all licenses, permits, and certificates that may be required in order to perform this Contract.
 - e. The CONTRACTOR shall obtain a general excise tax license from the Department of Taxation, State of Hawaii, in accordance with section 237-9, HRS, and shall comply with all requirements thereof. The CONTRACTOR shall obtain a tax clearance certificate from the Director of Taxation, State of Hawaii, and the Internal Revenue Service, U.S. Department of the Treasury, showing that all delinquent taxes, if any, levied or accrued under state law and the Internal Revenue Code of 1986, as amended, against the CONTRACTOR have been paid and submit the same to the STATE prior to commencing any performance under this Contract. The CONTRACTOR shall also be solely responsible for meeting all requirements necessary to obtain the tax clearance certificate required for final payment under sections 103-53 and 103D-328, HRS, and paragraph 17 of these General Conditions.
 - f. The CONTRACTOR is responsible for securing all employee-related insurance coverage for the CONTRACTOR and the CONTRACTOR'S employees and agents that is or may be required by law, and for payment of all premiums, costs, and other liabilities associated with securing the insurance coverage.

- g. The CONTRACTOR shall obtain a certificate of compliance issued by the Department of Labor and Industrial Relations, State of Hawaii, in accordance with section 103D-310, HRS, and section 3-122-112, HAR, that is current within six months of the date of issuance.
- h. The CONTRACTOR shall obtain a certificate of good standing issued by the Department of Commerce and Consumer Affairs, State of Hawaii, in accordance with section 103D-310, HRS, and section 3-122-112, HAR, that is current within six months of the date of issuance.
- i. In lieu of the above certificates from the Department of Taxation, Labor and Industrial Relations, and Commerce and Consumer Affairs, the CONTRACTOR may submit proof of compliance through the State Procurement Office's designated certification process.

3. Personnel Requirements.

- a. The CONTRACTOR shall secure, at the CONTRACTOR'S own expense, all personnel required to perform this Contract.
- b. The CONTRACTOR shall ensure that the CONTRACTOR'S employees or agents are experienced and fully qualified to engage in the activities and perform the services required under this Contract, and that all applicable licensing and operating requirements imposed or required under federal, state, or county law, and all applicable accreditation and other standards of quality generally accepted in the field of the activities of such employees and agents are complied with and satisfied.

4. Nondiscrimination. No person performing work under this Contract, including any subcontractor, employee, or agent of the CONTRACTOR, shall engage in any discrimination that is prohibited by any applicable federal, state, or county law.

5. Conflicts of Interest. The CONTRACTOR represents that neither the CONTRACTOR, nor any employee or agent of the CONTRACTOR, presently has any interest, and promises that no such interest, direct or indirect, shall be acquired, that would or might conflict in any manner or degree with the CONTRACTOR'S performance under this Contract.

6. Subcontracts and Assignments. The CONTRACTOR shall not assign or subcontract any of the CONTRACTOR'S duties, obligations, or interests under this Contract and no such assignment or subcontract shall be effective unless (i) the CONTRACTOR obtains the prior written consent of the STATE, and (ii) the CONTRACTOR'S assignee or subcontractor submits to the STATE a tax clearance certificate from the Director of Taxation, State of Hawaii, and the Internal Revenue Service, U.S. Department of Treasury, showing that all delinquent taxes, if any, levied or accrued under state law and the Internal Revenue Code of 1986, as amended, against the CONTRACTOR'S assignee or subcontractor have been paid. Additionally, no assignment by the CONTRACTOR of the CONTRACTOR'S right to compensation under this Contract shall be effective unless and until the assignment is approved by the Comptroller of the State of Hawaii, as provided in section 40-58, HRS.

- a. Recognition of a successor in interest. When in the best interest of the State, a successor in interest may be recognized in an assignment contract in which the STATE, the CONTRACTOR and the assignee or transferee (hereinafter referred to as the "Assignee") agree that:

- (1) The Assignee assumes all of the CONTRACTOR'S obligations;
- (2) The CONTRACTOR remains liable for all obligations under this Contract but waives all rights under this Contract as against the STATE; and
- (3) The CONTRACTOR shall continue to furnish, and the Assignee shall also furnish, all required bonds.

- b. Change of name. When the CONTRACTOR asks to change the name in which it holds this Contract with the STATE, the procurement officer of the purchasing agency (hereinafter referred to as the "Agency procurement officer") shall, upon receipt of a document acceptable or satisfactory to the

Agency procurement officer indicating such change of name (for example, an amendment to the CONTRACTOR'S articles of incorporation), enter into an amendment to this Contract with the CONTRACTOR to effect such a change of name. The amendment to this Contract changing the CONTRACTOR'S name shall specifically indicate that no other terms and conditions of this Contract are thereby changed.

- c. Reports. All assignment contracts and amendments to this Contract effecting changes of the CONTRACTOR'S name or novations hereunder shall be reported to the chief procurement officer (CPO) as defined in section 103D-203(a), HRS, within thirty days of the date that the assignment contract or amendment becomes effective.
 - d. Actions affecting more than one purchasing agency. Notwithstanding the provisions of subparagraphs 6a through 6c herein, when the CONTRACTOR holds contracts with more than one purchasing agency of the State, the assignment contracts and the novation and change of name amendments herein authorized shall be processed only through the CPO's office.
- 7. Indemnification and Defense. The CONTRACTOR shall defend, indemnify, and hold harmless the State of Hawaii, the contracting agency, and their officers, employees, and agents from and against all liability, loss, damage, cost, and expense, including all attorneys' fees, and all claims, suits, and demands therefore, arising out of or resulting from the acts or omissions of the CONTRACTOR or the CONTRACTOR'S employees, officers, agents, or subcontractors under this Contract. The provisions of this paragraph shall remain in full force and effect notwithstanding the expiration or early termination of this Contract.
 - 8. Cost of Litigation. In case the STATE shall, without any fault on its part, be made a party to any litigation commenced by or against the CONTRACTOR in connection with this Contract, the CONTRACTOR shall pay all costs and expenses incurred by or imposed on the STATE, including attorneys' fees.
 - 9. Liquidated Damages. When the CONTRACTOR is given notice of delay or nonperformance as specified in paragraph 13 (Termination for Default) and fails to cure in the time specified, it is agreed the CONTRACTOR shall pay to the STATE the amount, if any, set forth in this Contract per calendar day from the date set for cure until either (i) the STATE reasonably obtains similar goods or services, or both, if the CONTRACTOR is terminated for default, or (ii) until the CONTRACTOR provides the goods or services, or both, if the CONTRACTOR is not terminated for default. To the extent that the CONTRACTOR'S delay or nonperformance is excused under paragraph 13d (Excuse for Nonperformance or Delay Performance), liquidated damages shall not be assessable against the CONTRACTOR. The CONTRACTOR remains liable for damages caused other than by delay.
 - 10. STATE'S Right of Offset. The STATE may offset against any monies or other obligations the STATE owes to the CONTRACTOR under this Contract, any amounts owed to the State of Hawaii by the CONTRACTOR under this Contract or any other contracts, or pursuant to any law or other obligation owed to the State of Hawaii by the CONTRACTOR, including, without limitation, the payment of any taxes or levies of any kind or nature. The STATE will notify the CONTRACTOR in writing of any offset and the nature of such offset. For purposes of this paragraph, amounts owed to the State of Hawaii shall not include debts or obligations which have been liquidated, agreed to by the CONTRACTOR, and are covered by an installment payment or other settlement plan approved by the State of Hawaii, provided, however, that the CONTRACTOR shall be entitled to such exclusion only to the extent that the CONTRACTOR is current with, and not delinquent on, any payments or obligations owed to the State of Hawaii under such payment or other settlement plan.
 - 11. Disputes. Disputes shall be resolved in accordance with section 103D-703, HRS, and chapter 3-126, Hawaii Administrative Rules ("HAR"), as the same may be amended from time to time.
 - 12. Suspension of Contract. The STATE reserves the right at any time and for any reason to suspend this Contract for any reasonable period, upon written notice to the CONTRACTOR in accordance with the provisions herein.
 - a. Order to stop performance. The Agency procurement officer may, by written order to the CONTRACTOR, at any time, and without notice to any surety, require the CONTRACTOR to stop all or any part of the performance called for by this Contract. This order shall be for a specified period

not exceeding sixty (60) days after the order is delivered to the CONTRACTOR, unless the parties agree to any further period. Any such order shall be identified specifically as a stop performance order issued pursuant to this section. Stop performance orders shall include, as appropriate: (1) A clear description of the work to be suspended; (2) Instructions as to the issuance of further orders by the CONTRACTOR for material or services; (3) Guidance as to action to be taken on subcontracts; and (4) Other instructions and suggestions to the CONTRACTOR for minimizing costs. Upon receipt of such an order, the CONTRACTOR shall forthwith comply with its terms and suspend all performance under this Contract at the time stated, provided, however, the CONTRACTOR shall take all reasonable steps to minimize the occurrence of costs allocable to the performance covered by the order during the period of performance stoppage. Before the stop performance order expires, or within any further period to which the parties shall have agreed, the Agency procurement officer shall either:

- (1) Cancel the stop performance order; or
- (2) Terminate the performance covered by such order as provided in the termination for default provision or the termination for convenience provision of this Contract.

b. Cancellation or expiration of the order. If a stop performance order issued under this section is cancelled at any time during the period specified in the order, or if the period of the order or any extension thereof expires, the CONTRACTOR shall have the right to resume performance. An appropriate adjustment shall be made in the delivery schedule or contract price, or both, and the Contract shall be modified in writing accordingly, if:

- (1) The stop performance order results in an increase in the time required for, or in the CONTRACTOR'S cost properly allocable to, the performance of any part of this Contract; and
- (2) The CONTRACTOR asserts a claim for such an adjustment within thirty (30) days after the end of the period of performance stoppage; provided that, if the Agency procurement officer decides that the facts justify such action, any such claim asserted may be received and acted upon at any time prior to final payment under this Contract.

c. Termination of stopped performance. If a stop performance order is not cancelled and the performance covered by such order is terminated for default or convenience, the reasonable costs resulting from the stop performance order shall be allowable by adjustment or otherwise.

d. Adjustment of price. Any adjustment in contract price made pursuant to this paragraph shall be determined in accordance with the price adjustment provision of this Contract.

13. Termination for Default.

- a. Default. If the CONTRACTOR refuses or fails to perform any of the provisions of this Contract with such diligence as will ensure its completion within the time specified in this Contract, or any extension thereof, otherwise fails to timely satisfy the Contract provisions, or commits any other substantial breach of this Contract, the Agency procurement officer may notify the CONTRACTOR in writing of the delay or non-performance and if not cured in ten (10) days or any longer time specified in writing by the Agency procurement officer, such officer may terminate the CONTRACTOR'S right to proceed with the Contract or such part of the Contract as to which there has been delay or a failure to properly perform. In the event of termination in whole or in part, the Agency procurement officer may procure similar goods or services in a manner and upon the terms deemed appropriate by the Agency procurement officer. The CONTRACTOR shall continue performance of the Contract to the extent it is not terminated and shall be liable for excess costs incurred in procuring similar goods or services.
- b. CONTRACTOR'S duties. Notwithstanding termination of the Contract and subject to any directions from the Agency procurement officer, the CONTRACTOR shall take timely, reasonable, and necessary action to protect and preserve property in the possession of the CONTRACTOR in which the STATE has an interest.

- c. Compensation. Payment for completed goods and services delivered and accepted by the STATE shall be at the price set forth in the Contract. Payment for the protection and preservation of property shall be in an amount agreed upon by the CONTRACTOR and the Agency procurement officer. If the parties fail to agree, the Agency procurement officer shall set an amount subject to the CONTRACTOR'S rights under chapter 3-126, HAR. The STATE may withhold from amounts due the CONTRACTOR such sums as the Agency procurement officer deems to be necessary to protect the STATE against loss because of outstanding liens or claims and to reimburse the STATE for the excess costs expected to be incurred by the STATE in procuring similar goods and services.
- d. Excuse for nonperformance or delayed performance. The CONTRACTOR shall not be in default by reason of any failure in performance of this Contract in accordance with its terms, including any failure by the CONTRACTOR to make progress in the prosecution of the performance hereunder which endangers such performance, if the CONTRACTOR has notified the Agency procurement officer within fifteen (15) days after the cause of the delay and the failure arises out of causes such as: acts of God; acts of a public enemy; acts of the State and any other governmental body in its sovereign or contractual capacity; fires; floods; epidemics; quarantine restrictions; strikes or other labor disputes; freight embargoes; or unusually severe weather. If the failure to perform is caused by the failure of a subcontractor to perform or to make progress, and if such failure arises out of causes similar to those set forth above, the CONTRACTOR shall not be deemed to be in default, unless the goods and services to be furnished by the subcontractor were reasonably obtainable from other sources in sufficient time to permit the CONTRACTOR to meet the requirements of the Contract. Upon request of the CONTRACTOR, the Agency procurement officer shall ascertain the facts and extent of such failure, and, if such officer determines that any failure to perform was occasioned by any one or more of the excusable causes, and that, but for the excusable cause, the CONTRACTOR'S progress and performance would have met the terms of the Contract, the delivery schedule shall be revised accordingly, subject to the rights of the STATE under this Contract. As used in this paragraph, the term "subcontractor" means subcontractor at any tier.
- e. Erroneous termination for default. If, after notice of termination of the CONTRACTOR'S right to proceed under this paragraph, it is determined for any reason that the CONTRACTOR was not in default under this paragraph, or that the delay was excusable under the provisions of subparagraph 13d, "Excuse for nonperformance or delayed performance," the rights and obligations of the parties shall be the same as if the notice of termination had been issued pursuant to paragraph 14.
- f. Additional rights and remedies. The rights and remedies provided in this paragraph are in addition to any other rights and remedies provided by law or under this Contract.

14. Termination for Convenience.

- a. Termination. The Agency procurement officer may, when the interests of the STATE so require, terminate this Contract in whole or in part, for the convenience of the STATE. The Agency procurement officer shall give written notice of the termination to the CONTRACTOR specifying the part of the Contract terminated and when termination becomes effective.
- b. CONTRACTOR'S obligations. The CONTRACTOR shall incur no further obligations in connection with the terminated performance and on the date(s) set in the notice of termination the CONTRACTOR will stop performance to the extent specified. The CONTRACTOR shall also terminate outstanding orders and subcontracts as they relate to the terminated performance. The CONTRACTOR shall settle the liabilities and claims arising out of the termination of subcontracts and orders connected with the terminated performance subject to the STATE'S approval. The Agency procurement officer may direct the CONTRACTOR to assign the CONTRACTOR'S right, title, and interest under terminated orders or subcontracts to the STATE. The CONTRACTOR must still complete the performance not terminated by the notice of termination and may incur obligations as necessary to do so.
- c. Right to goods and work product. The Agency procurement officer may require the CONTRACTOR to transfer title and deliver to the STATE in the manner and to the extent directed by the Agency procurement officer:

- (1) Any completed goods or work product; and
- (2) The partially completed goods and materials, parts, tools, dies, jigs, fixtures, plans, drawings, information, and contract rights (hereinafter called "manufacturing material") as the CONTRACTOR has specifically produced or specially acquired for the performance of the terminated part of this Contract.

The CONTRACTOR shall, upon direction of the Agency procurement officer, protect and preserve property in the possession of the CONTRACTOR in which the STATE has an interest. If the Agency procurement officer does not exercise this right, the CONTRACTOR shall use best efforts to sell such goods and manufacturing materials. Use of this paragraph in no way implies that the STATE has breached the Contract by exercise of the termination for convenience provision.

d. Compensation.

- (1) The CONTRACTOR shall submit a termination claim specifying the amounts due because of the termination for convenience together with the cost or pricing data, submitted to the extent required by chapter 3-122, HAR, bearing on such claim. If the CONTRACTOR fails to file a termination claim within one year from the effective date of termination, the Agency procurement officer may pay the CONTRACTOR, if at all, an amount set in accordance with subparagraph 14d(3) below.
- (2) The Agency procurement officer and the CONTRACTOR may agree to a settlement provided the CONTRACTOR has filed a termination claim supported by cost or pricing data submitted as required and that the settlement does not exceed the total Contract price plus settlement costs reduced by payments previously made by the STATE, the proceeds of any sales of goods and manufacturing materials under subparagraph 14c, and the Contract price of the performance not terminated.
- (3) Absent complete agreement under subparagraph 14d(2) the Agency procurement officer shall pay the CONTRACTOR the following amounts, provided payments agreed to under subparagraph 14d(2) shall not duplicate payments under this subparagraph for the following:
 - (A) Contract prices for goods or services accepted under the Contract;
 - (B) Costs incurred in preparing to perform and performing the terminated portion of the performance plus a fair and reasonable profit on such portion of the performance, such profit shall not include anticipatory profit or consequential damages, less amounts paid or to be paid for accepted goods or services; provided, however, that if it appears that the CONTRACTOR would have sustained a loss if the entire Contract would have been completed, no profit shall be allowed or included and the amount of compensation shall be reduced to reflect the anticipated rate of loss;
 - (C) Costs of settling and paying claims arising out of the termination of subcontracts or orders pursuant to subparagraph 14b. These costs must not include costs paid in accordance with subparagraph 14d(3)(B);
 - (D) The reasonable settlement costs of the CONTRACTOR, including accounting, legal, clerical, and other expenses reasonably necessary for the preparation of settlement claims and supporting data with respect to the terminated portion of the Contract and for the termination of subcontracts thereunder, together with reasonable storage, transportation, and other costs incurred in connection with the protection or disposition of property allocable to the terminated portion of this Contract. The total sum to be paid the CONTRACTOR under this subparagraph shall not exceed the total Contract price plus the reasonable settlement costs of the CONTRACTOR reduced by the amount of payments otherwise made, the proceeds of any sales of

supplies and manufacturing materials under subparagraph 14d(2), and the contract price of performance not terminated.

- (4) Costs claimed, agreed to, or established under subparagraphs 14d(2) and 14d(3) shall be in accordance with Chapter 3-123 (Cost Principles) of the Procurement Rules.

15. Claims Based on the Agency Procurement Officer's Actions or Omissions.

- a. Changes in scope. If any action or omission on the part of the Agency procurement officer (which term includes the designee of such officer for purposes of this paragraph 15) requiring performance changes within the scope of the Contract constitutes the basis for a claim by the CONTRACTOR for additional compensation, damages, or an extension of time for completion, the CONTRACTOR shall continue with performance of the Contract in compliance with the directions or orders of such officials, but by so doing, the CONTRACTOR shall not be deemed to have prejudiced any claim for additional compensation, damages, or an extension of time for completion; provided:
 - (1) Written notice required. The CONTRACTOR shall give written notice to the Agency procurement officer:
 - (A) Prior to the commencement of the performance involved, if at that time the CONTRACTOR knows of the occurrence of such action or omission;
 - (B) Within thirty (30) days after the CONTRACTOR knows of the occurrence of such action or omission, if the CONTRACTOR did not have such knowledge prior to the commencement of the performance; or
 - (C) Within such further time as may be allowed by the Agency procurement officer in writing.
 - (2) Notice content. This notice shall state that the CONTRACTOR regards the act or omission as a reason which may entitle the CONTRACTOR to additional compensation, damages, or an extension of time. The Agency procurement officer, upon receipt of such notice, may rescind such action, remedy such omission, or take such other steps as may be deemed advisable in the discretion of the Agency procurement officer;
 - (3) Basis must be explained. The notice required by subparagraph 15a(1) describes as clearly as practicable at the time the reasons why the CONTRACTOR believes that additional compensation, damages, or an extension of time may be remedies to which the CONTRACTOR is entitled; and
 - (4) Claim must be justified. The CONTRACTOR must maintain and, upon request, make available to the Agency procurement officer within a reasonable time, detailed records to the extent practicable, and other documentation and evidence satisfactory to the STATE, justifying the claimed additional costs or an extension of time in connection with such changes.
 - b. CONTRACTOR not excused. Nothing herein contained, however, shall excuse the CONTRACTOR from compliance with any rules or laws precluding any state officers and CONTRACTOR from acting in collusion or bad faith in issuing or performing change orders which are clearly not within the scope of the Contract.
 - c. Price adjustment. Any adjustment in the price made pursuant to this paragraph shall be determined in accordance with the price adjustment provision of this Contract.
16. Costs and Expenses. Any reimbursement due the CONTRACTOR for per diem and transportation expenses under this Contract shall be subject to chapter 3-123 (Cost Principles), HAR, and the following guidelines:
- a. Reimbursement for air transportation shall be for actual cost or coach class air fare, whichever is less.

- b. Reimbursement for ground transportation costs shall not exceed the actual cost of renting an intermediate-sized vehicle.
- c. Unless prior written approval of the HOPA is obtained, reimbursement for subsistence allowance (i.e., hotel and meals, etc.) shall not exceed the applicable daily authorized rates for inter-island or out-of-state travel that are set forth in the current Governor's Executive Order authorizing adjustments in salaries and benefits for state officers and employees in the executive branch who are excluded from collective bargaining coverage.

17. Payment Procedures; Final Payment; Tax Clearance.

- a. Original invoices required. All payments under this Contract shall be made only upon submission by the CONTRACTOR of original invoices specifying the amount due and certifying that services requested under the Contract have been performed by the CONTRACTOR according to the Contract.
- b. Subject to available funds. Such payments are subject to availability of funds and allotment by the Director of Finance in accordance with chapter 37, HRS. Further, all payments shall be made in accordance with and subject to chapter 40, HRS.
- c. Prompt payment.
 - (1) Any money, other than retainage, paid to the CONTRACTOR shall be disbursed to subcontractors within ten (10) days after receipt of the money in accordance with the terms of the subcontract; provided that the subcontractor has met all the terms and conditions of the subcontract and there are no bona fide disputes; and
 - (2) Upon final payment to the CONTRACTOR, full payment to the subcontractor, including retainage, shall be made within ten (10) days after receipt of the money; provided that there are no bona fide disputes over the subcontractor's performance under the subcontract.
- d. Final payment. Final payment under this Contract shall be subject to sections 103-53 and 103D-328, HRS, which require a tax clearance from the Director of Taxation, State of Hawaii, and the Internal Revenue Service, U.S. Department of Treasury, showing that all delinquent taxes, if any, levied or accrued under state law and the Internal Revenue Code of 1986, as amended, against the CONTRACTOR have been paid. Further, in accordance with section 3-122-112, HAR, CONTRACTOR shall provide a certificate affirming that the CONTRACTOR has remained in compliance with all applicable laws as required by this section.

18. Federal Funds. If this Contract is payable in whole or in part from federal funds, CONTRACTOR agrees that, as to the portion of the compensation under this Contract to be payable from federal funds, the CONTRACTOR shall be paid only from such funds received from the federal government, and shall not be paid from any other funds. Failure of the STATE to receive anticipated federal funds shall not be considered a breach by the STATE or an excuse for nonperformance by the CONTRACTOR.

19. Modifications of Contract.

- a. In writing. Any modification, alteration, amendment, change, or extension of any term, provision, or condition of this Contract permitted by this Contract shall be made by written amendment to this Contract, signed by the CONTRACTOR and the STATE, provided that change orders shall be made in accordance with paragraph 20 herein.
- b. No oral modification. No oral modification, alteration, amendment, change, or extension of any term, provision, or condition of this Contract shall be permitted.
- c. Agency procurement officer. By written order, at any time, and without notice to any surety, the Agency procurement officer may unilaterally order of the CONTRACTOR:

(A) Changes in the work within the scope of the Contract; and

(B) Changes in the time of performance of the Contract that do not alter the scope of the Contract work.

d. Adjustments of price or time for performance. If any modification increases or decreases the CONTRACTOR'S cost of, or the time required for, performance of any part of the work under this Contract, an adjustment shall be made and this Contract modified in writing accordingly. Any adjustment in contract price made pursuant to this clause shall be determined, where applicable, in accordance with the price adjustment clause of this Contract or as negotiated.

e. Claim barred after final payment. No claim by the CONTRACTOR for an adjustment hereunder shall be allowed if written modification of the Contract is not made prior to final payment under this Contract.

f. Claims not barred. In the absence of a written contract modification, nothing in this clause shall be deemed to restrict the CONTRACTOR'S right to pursue a claim under this Contract or for a breach of contract.

g. CPO approval. If this is a professional services contract awarded pursuant to section 103D-303 or 103D-304, HRS, any modification, alteration, amendment, change, or extension of any term, provision, or condition of this Contract which increases the amount payable to the CONTRACTOR by at least \$25,000.00 or ten per cent (10%) of the initial contract price, whichever increase is higher, must receive the prior approval of the CPO.

h. Tax clearance. The STATE may, at its discretion, require the CONTRACTOR to submit to the STATE, prior to the STATE'S approval of any modification, alteration, amendment, change, or extension of any term, provision, or condition of this Contract, a tax clearance from the Director of Taxation, State of Hawaii, and the Internal Revenue Service, U.S. Department of Treasury, showing that all delinquent taxes, if any, levied or accrued under state law and the Internal Revenue Code of 1986, as amended, against the CONTRACTOR have been paid.

i. Sole source contracts. Amendments to sole source contracts that would change the original scope of the Contract may only be made with the approval of the CPO. Annual renewal of a sole source contract for services should not be submitted as an amendment.

20. Change Order. The Agency procurement officer may, by a written order signed only by the STATE, at any time, and without notice to any surety, and subject to all appropriate adjustments, make changes within the general scope of this Contract in any one or more of the following:

(1) Drawings, designs, or specifications, if the goods or services to be furnished are to be specially provided to the STATE in accordance therewith;

(2) Method of delivery; or

(3) Place of delivery.

a. Adjustments of price or time for performance. If any change order increases or decreases the CONTRACTOR'S cost of, or the time required for, performance of any part of the work under this Contract, whether or not changed by the order, an adjustment shall be made and the Contract modified in writing accordingly. Any adjustment in the Contract price made pursuant to this provision shall be determined in accordance with the price adjustment provision of this Contract. Failure of the parties to agree to an adjustment shall not excuse the CONTRACTOR from proceeding with the Contract as changed, provided that the Agency procurement officer promptly and duly makes the provisional adjustments in payment or time for performance as may be reasonable. By proceeding with the work, the CONTRACTOR shall not be deemed to have prejudiced any claim for additional compensation, or any extension of time for completion.

- b. Time period for claim. Within ten (10) days after receipt of a written change order under subparagraph 20a, unless the period is extended by the Agency procurement officer in writing, the CONTRACTOR shall respond with a claim for an adjustment. The requirement for a timely written response by CONTRACTOR cannot be waived and shall be a condition precedent to the assertion of a claim.
- c. Claim barred after final payment. No claim by the CONTRACTOR for an adjustment hereunder shall be allowed if a written response is not given prior to final payment under this Contract.
- d. Other claims not barred. In the absence of a change order, nothing in this paragraph 20 shall be deemed to restrict the CONTRACTOR'S right to pursue a claim under the Contract or for breach of contract.

21. Price Adjustment.

- a. Price adjustment. Any adjustment in the contract price pursuant to a provision in this Contract shall be made in one or more of the following ways:
 - (1) By agreement on a fixed price adjustment before commencement of the pertinent performance or as soon thereafter as practicable;
 - (2) By unit prices specified in the Contract or subsequently agreed upon;
 - (3) By the costs attributable to the event or situation covered by the provision, plus appropriate profit or fee, all as specified in the Contract or subsequently agreed upon;
 - (4) In such other manner as the parties may mutually agree; or
 - (5) In the absence of agreement between the parties, by a unilateral determination by the Agency procurement officer of the costs attributable to the event or situation covered by the provision, plus appropriate profit or fee, all as computed by the Agency procurement officer in accordance with generally accepted accounting principles and applicable sections of chapters 3-123 and 3-126, HAR.
- b. Submission of cost or pricing data. The CONTRACTOR shall provide cost or pricing data for any price adjustments subject to the provisions of chapter 3-122, HAR.

22. Variation in Quantity for Definite Quantity Contracts. Upon the agreement of the STATE and the CONTRACTOR, the quantity of goods or services, or both, if a definite quantity is specified in this Contract, may be increased by a maximum of ten per cent (10%); provided the unit prices will remain the same except for any price adjustments otherwise applicable; and the Agency procurement officer makes a written determination that such an increase will either be more economical than awarding another contract or that it would not be practical to award another contract.

23. Changes in Cost-Reimbursement Contract. If this Contract is a cost-reimbursement contract, the following provisions shall apply:

- a. The Agency procurement officer may at any time by written order, and without notice to the sureties, if any, make changes within the general scope of the Contract in any one or more of the following:
 - (1) Description of performance (Attachment 1);
 - (2) Time of performance (i.e., hours of the day, days of the week, etc.);
 - (3) Place of performance of services;

- (4) Drawings, designs, or specifications when the supplies to be furnished are to be specially manufactured for the STATE in accordance with the drawings, designs, or specifications;
 - (5) Method of shipment or packing of supplies; or
 - (6) Place of delivery.
- b. If any change causes an increase or decrease in the estimated cost of, or the time required for performance of, any part of the performance under this Contract, whether or not changed by the order, or otherwise affects any other terms and conditions of this Contract, the Agency procurement officer shall make an equitable adjustment in the (1) estimated cost, delivery or completion schedule, or both; (2) amount of any fixed fee; and (3) other affected terms and shall modify the Contract accordingly.
 - c. The CONTRACTOR must assert the CONTRACTOR'S rights to an adjustment under this provision within thirty (30) days from the day of receipt of the written order. However, if the Agency procurement officer decides that the facts justify it, the Agency procurement officer may receive and act upon a proposal submitted before final payment under the Contract.
 - d. Failure to agree to any adjustment shall be a dispute under paragraph 11 of this Contract. However, nothing in this provision shall excuse the CONTRACTOR from proceeding with the Contract as changed.
 - e. Notwithstanding the terms and conditions of subparagraphs 23a and 23b, the estimated cost of this Contract and, if this Contract is incrementally funded, the funds allotted for the performance of this Contract, shall not be increased or considered to be increased except by specific written modification of the Contract indicating the new contract estimated cost and, if this contract is incrementally funded, the new amount allotted to the contract.

24. Confidentiality of Material.

- a. All material given to or made available to the CONTRACTOR by virtue of this Contract, which is identified as proprietary or confidential information, will be safeguarded by the CONTRACTOR and shall not be disclosed to any individual or organization without the prior written approval of the STATE.
- b. All information, data, or other material provided by the CONTRACTOR to the STATE shall be subject to the Uniform Information Practices Act, chapter 92F, HRS.

25. Publicity. The CONTRACTOR shall not refer to the STATE, or any office, agency, or officer thereof, or any state employee, including the HOPA, the CPO, the Agency procurement officer, or to the services or goods, or both, provided under this Contract, in any of the CONTRACTOR'S brochures, advertisements, or other publicity of the CONTRACTOR. All media contacts with the CONTRACTOR about the subject matter of this Contract shall be referred to the Agency procurement officer.

26. Ownership Rights and Copyright. The STATE shall have complete ownership of all material, both finished and unfinished, which is developed, prepared, assembled, or conceived by the CONTRACTOR pursuant to this Contract, and all such material shall be considered "works made for hire." All such material shall be delivered to the STATE upon expiration or termination of this Contract. The STATE, in its sole discretion, shall have the exclusive right to copyright any product, concept, or material developed, prepared, assembled, or conceived by the CONTRACTOR pursuant to this Contract.

27. Liens and Warranties. Goods provided under this Contract shall be provided free of all liens and provided together with all applicable warranties, or with the warranties described in the Contract documents, whichever are greater.

28. Audit of Books and Records of the CONTRACTOR. The STATE may, at reasonable times and places, audit the books and records of the CONTRACTOR, prospective contractor, subcontractor, or prospective subcontractor which are related to:

- a. The cost or pricing data, and
- b. A state contract, including subcontracts, other than a firm fixed-price contract.

29. Cost or Pricing Data. Cost or pricing data must be submitted to the Agency procurement officer and timely certified as accurate for contracts over \$100,000 unless the contract is for a multiple-term or as otherwise specified by the Agency procurement officer. Unless otherwise required by the Agency procurement officer, cost or pricing data submission is not required for contracts awarded pursuant to competitive sealed bid procedures.

If certified cost or pricing data are subsequently found to have been inaccurate, incomplete, or noncurrent as of the date stated in the certificate, the STATE is entitled to an adjustment of the contract price, including profit or fee, to exclude any significant sum by which the price, including profit or fee, was increased because of the defective data. It is presumed that overstated cost or pricing data increased the contract price in the amount of the defect plus related overhead and profit or fee. Therefore, unless there is a clear indication that the defective data was not used or relied upon, the price will be reduced in such amount.

30. Audit of Cost or Pricing Data. When cost or pricing principles are applicable, the STATE may require an audit of cost or pricing data.

31. Records Retention.

- (1) Upon any termination of this Contract or as otherwise required by applicable law, CONTRACTOR shall, pursuant to chapter 487R, HRS, destroy all copies (paper or electronic form) of personal information received from the STATE.
- (2) The CONTRACTOR and any subcontractors shall maintain the files, books, and records that relate to the Contract, including any personal information created or received by the CONTRACTOR on behalf of the STATE, and any cost or pricing data, for at least three (3) years after the date of final payment under the Contract. The personal information shall continue to be confidential and shall only be disclosed as permitted or required by law. After the three (3) year, or longer retention period as required by law has ended, the files, books, and records that contain personal information shall be destroyed pursuant to chapter 487R, HRS or returned to the STATE at the request of the STATE.

32. Antitrust Claims. The STATE and the CONTRACTOR recognize that in actual economic practice, overcharges resulting from antitrust violations are in fact usually borne by the purchaser. Therefore, the CONTRACTOR hereby assigns to STATE any and all claims for overcharges as to goods and materials purchased in connection with this Contract, except as to overcharges which result from violations commencing after the price is established under this Contract and which are not passed on to the STATE under an escalation clause.

33. Patented Articles. The CONTRACTOR shall defend, indemnify, and hold harmless the STATE, and its officers, employees, and agents from and against all liability, loss, damage, cost, and expense, including all attorneys fees, and all claims, suits, and demands arising out of or resulting from any claims, demands, or actions by the patent holder for infringement or other improper or unauthorized use of any patented article, patented process, or patented appliance in connection with this Contract. The CONTRACTOR shall be solely responsible for correcting or curing to the satisfaction of the STATE any such infringement or improper or unauthorized use, including, without limitation: (a) furnishing at no cost to the STATE a substitute article, process, or appliance acceptable to the STATE, (b) paying royalties or other required payments to the patent holder, (c) obtaining proper authorizations or releases from the patent holder, and (d) furnishing such security to or making such arrangements with the patent holder as may be necessary to correct or cure any such infringement or improper or unauthorized use.

34. Governing Law. The validity of this Contract and any of its terms or provisions, as well as the rights and duties of the parties to this Contract, shall be governed by the laws of the State of Hawaii. Any action at law or

in equity to enforce or interpret the provisions of this Contract shall be brought in a state court of competent jurisdiction in Honolulu, Hawaii.

35. Compliance with Laws. The CONTRACTOR shall comply with all federal, state, and county laws, ordinances, codes, rules, and regulations, as the same may be amended from time to time, that in any way affect the CONTRACTOR'S performance of this Contract.
36. Conflict Between General Conditions and Procurement Rules. In the event of a conflict between the General Conditions and the procurement rules, the procurement rules in effect on the date this Contract became effective shall control and are hereby incorporated by reference.
37. Entire Contract. This Contract sets forth all of the agreements, conditions, understandings, promises, warranties, and representations between the STATE and the CONTRACTOR relative to this Contract. This Contract supersedes all prior agreements, conditions, understandings, promises, warranties, and representations, which shall have no further force or effect. There are no agreements, conditions, understandings, promises, warranties, or representations, oral or written, express or implied, between the STATE and the CONTRACTOR other than as set forth or as referred to herein.
38. Severability. In the event that any provision of this Contract is declared invalid or unenforceable by a court, such invalidity or unenforceability shall not affect the validity or enforceability of the remaining terms of this Contract.
39. Waiver. The failure of the STATE to insist upon the strict compliance with any term, provision, or condition of this Contract shall not constitute or be deemed to constitute a waiver or relinquishment of the STATE'S right to enforce the same in accordance with this Contract. The fact that the STATE specifically refers to one provision of the procurement rules or one section of the Hawaii Revised Statutes, and does not include other provisions or statutory sections in this Contract shall not constitute a waiver or relinquishment of the STATE'S rights or the CONTRACTOR'S obligations under the procurement rules or statutes.
40. Pollution Control. If during the performance of this Contract, the CONTRACTOR encounters a "release" or a "threatened release" of a reportable quantity of a "hazardous substance," "pollutant," or "contaminant" as those terms are defined in section 128D-1, HRS, the CONTRACTOR shall immediately notify the STATE and all other appropriate state, county, or federal agencies as required by law. The Contractor shall take all necessary actions, including stopping work, to avoid causing, contributing to, or making worse a release of a hazardous substance, pollutant, or contaminant, and shall promptly obey any orders the Environmental Protection Agency or the state Department of Health issues in response to the release. In the event there is an ensuing cease-work period, and the STATE determines that this Contract requires an adjustment of the time for performance, the Contract shall be modified in writing accordingly.
41. Campaign Contributions. The CONTRACTOR is hereby notified of the applicability of 11-205.5, HRS, which states that campaign contributions are prohibited from specified state or county government contractors during the terms of their contracts if the contractors are paid with funds appropriated by a legislative body.
42. Confidentiality of Personal Information.
 - a. Definitions.

"Personal information" means an individual's first name or first initial and last name in combination with any one or more of the following data elements, when either name or data elements are not encrypted:

 - (1) Social security number;
 - (2) Driver's license number or Hawaii identification card number; or
 - (3) Account number, credit or debit card number, access code, or password that would permit

access to an individual's financial information.

Personal information does not include publicly available information that is lawfully made available to the general public from federal, state, or local government records.

"Technological safeguards" means the technology and the policy and procedures for use of the technology to protect and control access to personal information.

b. Confidentiality of Material.

- (1) All material given to or made available to the CONTRACTOR by the STATE by virtue of this Contract which is identified as personal information, shall be safeguarded by the CONTRACTOR and shall not be disclosed without the prior written approval of the STATE.
- (2) CONTRACTOR agrees not to retain, use, or disclose personal information for any purpose other than as permitted or required by this Contract.
- (3) CONTRACTOR agrees to implement appropriate "technological safeguards" that are acceptable to the STATE to reduce the risk of unauthorized access to personal information.
- (4) CONTRACTOR shall report to the STATE in a prompt and complete manner any security breaches involving personal information.
- (5) CONTRACTOR agrees to mitigate, to the extent practicable, any harmful effect that is known to CONTRACTOR because of a use or disclosure of personal information by CONTRACTOR in violation of the requirements of this paragraph.
- (6) CONTRACTOR shall complete and retain a log of all disclosures made of personal information received from the STATE, or personal information created or received by CONTRACTOR on behalf of the STATE.

c. Security Awareness Training and Confidentiality Agreements.

- (1) CONTRACTOR certifies that all of its employees who will have access to the personal information have completed training on security awareness topics relating to protecting personal information.
- (2) CONTRACTOR certifies that confidentiality agreements have been signed by all of its employees who will have access to the personal information acknowledging that:
 - (A) The personal information collected, used, or maintained by the CONTRACTOR will be treated as confidential;
 - (B) Access to the personal information will be allowed only as necessary to perform the Contract; and
 - (C) Use of the personal information will be restricted to uses consistent with the services subject to this Contract.

d. Termination for Cause. In addition to any other remedies provided for by this Contract, if the STATE learns of a material breach by CONTRACTOR of this paragraph by CONTRACTOR, the STATE may at its sole discretion:

- (1) Provide an opportunity for the CONTRACTOR to cure the breach or end the violation; or
- (2) Immediately terminate this Contract.

In either instance, the CONTRACTOR and the STATE shall follow chapter 487N, HRS, with respect to notification of a security breach of personal information.

e. Records Retention.

- (1) Upon any termination of this Contract or as otherwise required by applicable law, CONTRACTOR shall, pursuant to chapter 487R, HRS, destroy all copies (paper or electronic form) of personal information received from the STATE.
- (2) The CONTRACTOR and any subcontractors shall maintain the files, books, and records that relate to the Contract, including any personal information created or received by the CONTRACTOR on behalf of the STATE, and any cost or pricing data, for at least three (3) years after the date of final payment under the Contract. The personal information shall continue to be confidential and shall only be disclosed as permitted or required by law. After the three (3) year, or longer retention period as required by law has ended, the files, books, and records that contain personal information shall be destroyed pursuant to chapter 487R, HRS or returned to the STATE at the request of the STATE.